

**CITY OF OAKLEY, KANSAS**  
Oakley, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2008

**CITY OF OAKLEY, KANSAS**  
 Financial Statements with Independent Auditors' Report  
 For the Year Ended December 31, 2008

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
**City of Oakley, Kansas**  
Oakley, Kansas 67748

We have audited the accompanying financial statements of the **City of Oakley, Kansas**, as of and for the year ended December 31, 2008 as listed in the table of contents. These financial statements are the responsibility of the **City of Oakley, Kansas'** 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit Guide. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, the **City of Oakley, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the **City of Oakley, Kansas**, as of December 31, 2008 or changes in financial position for the year then ended. Further, the **City of Oakley, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the **City of Oakley, Kansas**, as of December 31, 2008, their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2009 on our consideration of **City of Oakley, Kansas'** internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

**City of Oakley, Kansas**

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Oakley, Kansas**' statutory basis financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the **City of Oakley, Kansas**. The accompanying Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

August 3, 2009

**CITY OF OAKLEY, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2008

| Funds   | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---|-------------------------------------|-----------------------------------|---------------|--------------|----------------------------------|---|---------------------|
| <b>Governmental Fund Categories</b>             |                                     |                                   |               |              |                                  |   |                     |
| <b>General Fund</b>                             | \$ 202,538                          | -                                 | 2,592,114     | 2,666,234    | 128,418                          | 176,683   | 305,101             |
| <b>Special Revenue Funds</b>                    | (870)                               | -                                 | 38,792        | 37,922       | -                                | -   | -                   |
| Employee Benefits Fund                          | 1,921                               | -                                 | 129,732       | 129,732      | 1,921                            | -   | 1,921               |
| Library Fund                                    | 4,210                               | -                                 | 56,358        | 43,833       | 16,735                           | 1,442   | 18,177              |
| Special Highway Fund                            | 7,953                               | -                                 | 3,679         | -            | 11,632                           | -   | 11,632              |
| Special Parks and Recreation Fund               | 28,754                              | -                                 | 40,711        | 22,134       | 47,331                           | -   | 47,331              |
| Convention and Tourism Fund                     | 20,832                              | -                                 | 31,170        | 20,445       | 31,557                           | -   | 31,557              |
| Equipment Reserve Fund                          | 2,551,980                           | -                                 | 872,549       | 1,012,623    | 2,411,906                        | 113,729   | 2,525,635           |
| <b>Capital Improvement Fund</b>                 |                                     |                                   |               |              |                                  |   |                     |
| <b>Debt Service Fund</b>                        |                                     |                                   |               |              |                                  |   |                     |
| Bond and Interest Fund                          | 9,366                               | -                                 | 84,589        | 93,624       | 331                              | -   | 331                 |
| <b>Proprietary Fund Category</b>                |                                     |                                   |               |              |                                  |   |                     |
| <b>Enterprise Funds</b>                         |                                     |                                   |               |              |                                  |   |                     |
| Water Utility Fund                              | 94,356                              | -                                 | 287,023       | 355,600      | 25,779                           | 5,617   | 31,396              |
| Water Reserve Fund                              | 20,341                              | -                                 | 51,484        | 32,025       | 39,800                           | -   | 39,800              |
| Electric Utility Fund                           | 207,271                             | -                                 | 95,167        | 146,325      | 156,113                          | 7,823   | 163,936             |
| Electric Reserve Fund                           | 160,996                             | -                                 | 4,286         | -            | 165,282                          | -   | 165,282             |
| Sanitation Utility Fund                         | 78,630                              | -                                 | 392,848       | 337,694      | 133,784                          | 1,191   | 134,975             |
| Sanitation Reserve Fund                         | 43,004                              | -                                 | 45,949        | 22,000       | 66,953                           | -   | 66,953              |
| <b>Fiduciary Fund Category</b>                  |                                     |                                   |               |              |                                  |   |                     |
| <b>Trust and Agency Funds</b>                   |                                     |                                   |               |              |                                  |   |                     |
| Museum Fund                                     | 127,721                             | -                                 | 8,308         | 6,591        | 129,438                          | -   | 129,438             |
| Museum Store Fund                               | 41,851                              | -                                 | 7,891         | 4,607        | 45,135                           | -   | 45,135              |
| Cemetery Trust Fund                             | 6,500                               | -                                 | -             | -            | 6,500                            | -   | 6,500               |
| Flexible Spending Plan Fund                     | 8,987                               | -                                 | 18,781        | 27,040       | 728                              | -   | 728                 |
| Special Law Enforcement Fund                    | 1,225                               | -                                 | -             | -            | 1,225                            | -   | 1,225               |
| <b>Total Primary Government Carried Forward</b> | \$ 3,617,566                        | -                                 | 4,761,431     | 4,958,429    | 3,420,568                        | 306,485   | 3,727,053           |

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

**CITY OF OAKLEY, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2008

| Funds                                 | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---------------------------------------|-------------------------------------|-----------------------------------|---------------|--------------|----------------------------------|---|---------------------|
| <b>Total Primary Government</b>       | \$ 3,617,566                        | -                                 | 4,761,431     | 4,958,429    | 3,420,568                        | 306,485   | 3,727,053           |
| <b>Brought Forward</b>                |                                     |                                   |               |              |                                  |   |                     |
| <b>Component Unit Funds</b>           |                                     |                                   |               |              |                                  |   |                     |
| Library - General Fund                | 116,631                             | -                                 | 141,282       | 141,698      | 116,215                          | -   | 116,215             |
| Library - Capital Improvement Fund    | 41,745                              | -                                 | 13,551        | 33,600       | 21,696                           | -   | 21,696              |
| Library - Flexible Spending Plan Fund | 1,884                               | -                                 | 3,040         | 2,331        | 2,593                            | -   | 2,593               |
| Edna M. Hood Estate Bequest Fund      | 80,000                              | -                                 | 2,422         | 2,422        | 80,000                           | -   | 80,000              |
| <b>Total Component Unit Funds</b>     | 240,260                             | -                                 | 160,295       | 180,051      | 220,504                          | -   | 220,504             |
| <b>Total Reporting Unit</b>           | \$ 3,857,826                        | -                                 | 4,921,726     | 5,138,480    | 3,641,072                        | 306,485   | 3,947,557           |

**Composition of Cash:**

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Certificates of Deposits:</b>  |                     |
| Farmers State Bank                | \$ 3,281,125        |
| The Bank                          | 115,645             |
| Peoples State Bank                | 195,587             |
| <b>Checking Accounts:</b>         |                     |
| Farmers State Bank                | 132,668             |
| The Bank                          | 728                 |
| Farmers State Bank - Petty Cash   | 1,000               |
| <b>Total Cash</b>                 | <b>3,726,753</b>    |
| <b>Cash on Hand</b>               | <b>300</b>          |
| <b>Total Primary Government</b>   | <b>3,727,053</b>    |
| <b>Total Component Unit Funds</b> | <b>220,504</b>      |
| <b>Total Reporting Entity</b>     | <b>\$ 3,947,557</b> |

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

**CITY OF OAKLEY, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2008

| Funds                               | Certified<br>Budget | Adjustment for<br>Qualifying<br>Budget Credits | Total<br>Budget for<br>Comparison | Expenditures<br>Chargeable to<br>Current Year | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|---------------------|--|-----------------------------------|---|--|
| <b>Governmental Fund Categories</b> |                     |  |                                   |   |  |
| <b>General Fund</b>                 | \$ 1,786,826        | 918,440  | 2,705,266                         | 2,666,234                                     | 39,032                                 |
| <b>Special Revenue Funds</b>        |                     |  |                                   |   |  |
| Employee Benefits Fund              | 34,709              | -  | 34,709                            | 37,922  | (3,213)                                |
| Library Fund                        | 131,220             | -  | 131,220                           | 129,732                                       | 1,488                                  |
| Special Highway Fund                | 77,000              | -  | 77,000                            | 43,833  | 33,167                                 |
| Special Parks and Recreation Fund   | 11,139              | -  | 11,139                            | -   | 11,139                                 |
| Convention and Tourism Fund         | 40,763              | -  | 40,763                            | 22,134  | 18,629                                 |
| <b>Debt Service Fund</b>            |                     |  |                                   |   |  |
| Bond and Interest Fund              | 93,620              | -  | 93,620                            | 93,624  | (4)                                    |
| <b>Proprietary Fund Category</b>    |                     |  |                                   |   |  |
| <b>Enterprise Funds</b>             |                     |  |                                   |   |  |
| Water Utility Fund                  | 336,600             | 2,544  | 339,144                           | 355,600                                       | (16,456)                               |
| Electric Utility Fund               | 103,500             | -  | 103,500                           | 146,325                                       | (42,825)                               |
| Sanitation Utility Fund             | 345,500             | -  | 345,500                           | 337,694                                       | 7,806                                  |

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

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|  | Prior<br>Year<br>Actual | Current Year            |                  | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------------|-------------------------|------------------|--|
|  |                         | Actual                  | Budget           |  |
| <b>Cash Receipts</b>                     |                         |                         |                  |  |
| <b>Taxes</b>                             |                         |                         |                  |  |
| Ad Valorem Tax                           | \$ 404,864              | <b>637,946</b>          | 652,549          | (14,603)                               |
| Delinquent Tax                           | 4,023                   | <b>3,168</b>            | -                | 3,168                                  |
| Vehicle Tax                              | 64,042                  | <b>74,798</b>           | 71,231           | 3,567                                  |
| Sales Tax                                | 172,715                 | <b>184,885</b>          | 140,500          | 44,385                                 |
| Excise Tax                               | 64                      | <b>67</b>               | -                | 67                                     |
| <b>Total Taxes</b>                       | <u>645,708</u>          | <u><b>900,864</b></u>   | <u>864,280</u>   | <u>36,584</u>                          |
| <b>Intergovernmental</b>                 |                         |                         |                  |  |
| Alcohol-Liquor Distribution              | 3,030                   | <b>3,180</b>            | 3,000            | 180                                    |
| FEMA Funds                               | 639                     | -                       | -                | -                                      |
| FAA Grant                                | 99,225                  | <b>1,720,111</b>        | -                | 1,720,111                              |
| <b>Total Intergovernmental</b>           | <u>102,894</u>          | <u><b>1,723,291</b></u> | <u>3,000</u>     | <u>1,720,291</u>                       |
| <b>Licenses and Permits</b>              |                         |                         |                  |  |
| Franchise Fees                           | 95,470                  | <b>132,760</b>          | 90,000           | 42,760                                 |
| Permits and Inspections                  | 2,710                   | <b>3,800</b>            | 2,900            | 900                                    |
| Dog Tags and Fees                        | 810                     | <b>880</b>              | 500              | 380                                    |
| <b>Total Licenses and Permits</b>        | <u>98,990</u>           | <u><b>137,440</b></u>   | <u>93,400</u>    | <u>44,040</u>                          |
| <b>Charges for Services</b>              |                         |                         |                  |  |
| Sale of Cemetery Lots                    | 3,915                   | <b>3,740</b>            | 2,200            | 1,540                                  |
| <b>Fines, Forfeitures, and Penalties</b> |                         |                         |                  |  |
| Municipal Court                          | 23,647                  | <b>32,259</b>           | 22,000           | 10,259                                 |
| <b>Use of Money and Property</b>         |                         |                         |                  |  |
| Swimming Pool                            | 25,304                  | <b>22,786</b>           | 26,000           | (3,214)                                |
| Interest on Investments                  | 157,568                 | <b>72,530</b>           | 120,000          | (47,470)                               |
| Jail Rent/Dispatch/Prisoner Care         | 77,628                  | <b>69,352</b>           | 70,000           | (648)                                  |
| Airport Revenue                          | 5,154                   | <b>3,818</b>            | 5,100            | (1,282)                                |
| <b>Total Use of Money and Property</b>   | <u>265,654</u>          | <u><b>168,486</b></u>   | <u>221,100</u>   | <u>(52,614)</u>                        |
| <b>Transfers In</b>                      | <u>-</u>                | <u><b>373,861</b></u>   | <u>350,000</u>   | <u>23,861</u>                          |
| <b>Cash Receipts Carried Forward</b>     | \$ <u>1,140,808</u>     | <u><b>3,339,941</b></u> | <u>1,555,980</u> | <u>1,783,961</u>                       |

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

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|                                      | Prior<br>Year<br>Actual | Current Year            |                  | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------------|-------------------------|-------------------------|------------------|--|
|                                      |                         | Actual                  | Budget           |  |
| <b>Cash Receipts Brought Forward</b> | \$ 1,140,808            | <b>3,339,941</b>        | 1,555,980        | 1,783,961                              |
| <b>Miscellaneous</b>                 |                         |                         |                  |  |
| Reimbursed Expense                   | 4,836                   | <b>69,878</b>           | 29,000           | 40,878                                 |
| DARE Program                         | -                       | -                       | 200              | (200)                                  |
| Oil and Crop Revenue                 | 9,224                   | <b>16,182</b>           | 6,400            | 9,782                                  |
| Miscellaneous                        | 3,724                   | <b>2,662</b>            | 5,000            | (2,338)                                |
| Insurance Proceeds                   | 3,800                   | -                       | -                | -                                      |
| Recreation Commission Contributions  | 6,000                   | <b>6,000</b>            | 6,000            | -                                      |
| <b>Total Miscellaneous</b>           | <u>27,584</u>           | <u><b>94,722</b></u>    | <u>46,600</u>    | <u>48,122</u>                          |
| <b>Total Cash Receipts</b>           | <u>1,168,392</u>        | <u><b>3,434,663</b></u> | <u>1,602,580</u> | <u>1,832,083</u>                       |
| <b>Expenditures</b>                  |                         |                         |                  |  |
| <b>General Government</b>            |                         |                         |                  |  |
| Personal Services                    | 96,717                  | <b>356,474</b>          | 344,800          | (11,674)                               |
| Contractual Services                 | 122,210                 | <b>173,800</b>          | 48,980           | (124,820)                              |
| Commodities                          | 43,130                  | <b>84,345</b>           | 81,150           | (3,195)                                |
| Capital Outlay                       | 6,000                   | <b>84,889</b>           | -                | (84,889)                               |
| Transfers Out                        | 2,500,000               | <b>40,000</b>           | 100,000          | 60,000                                 |
| <b>Total General Government</b>      | <u>2,768,057</u>        | <u><b>739,508</b></u>   | <u>574,930</u>   | <u>(164,578)</u>                       |
| <b>Police Department</b>             |                         |                         |                  |  |
| Personal Services                    | 312,269                 | <b>427,348</b>          | 555,250          | 127,902                                |
| Contractual Services                 | 11,586                  | <b>11,081</b>           | 15,840           | 4,759                                  |
| Commodities                          | 31,275                  | <b>32,045</b>           | 40,150           | 8,105                                  |
| Capital Outlay                       | 5,360                   | <b>4,823</b>            | 1,000            | (3,823)                                |
| Transfers Out                        | -                       | -                       | 10,000           | 10,000                                 |
| <b>Total Police Department</b>       | <u>360,490</u>          | <u><b>475,297</b></u>   | <u>622,240</u>   | <u>146,943</u>                         |
| <b>Fire Department</b>               |                         |                         |                  |  |
| Personal Services                    | 8,641                   | <b>9,281</b>            | 16,125           | 6,844                                  |
| Contractual Services                 | 8,512                   | <b>8,403</b>            | 8,830            | 427                                    |
| Commodities                          | 5,504                   | <b>2,215</b>            | 4,900            | 2,685                                  |
| Capital Outlay                       | -                       | <b>1,399</b>            | 3,000            | 1,601                                  |
| <b>Total Fire Department</b>         | <u>22,657</u>           | <u><b>21,298</b></u>    | <u>32,855</u>    | <u>11,557</u>                          |
| <b>Expenditures Carried Forward</b>  | \$ <u>3,151,204</u>     | <u><b>1,236,103</b></u> | <u>1,230,025</u> | <u>(6,078)</u>                         |

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

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year               |                  | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|----------------------------|------------------|--|
|   |                         | Actual                     | Budget           |  |
| <b>Expenditures Brought Forward</b>             | \$ 3,151,204            | <b>1,236,103</b>           | 1,230,025        | (6,078)                                |
| <b>Street Department</b>                        |                         |                            |                  |  |
| Personal Services                               | -                       | <b>92,503</b>              | 207,900          | 115,397                                |
| Commodities                                     | -                       | <b>36,133</b>              | 62,000           | 25,867                                 |
| Capital Outlay                                  | -                       | <b>59,524</b>              | 75,000           | 15,476                                 |
| Transfers Out                                   | 73,000                  | -                          | -                | -                                      |
| <b>Total Street Department</b>                  | <u>73,000</u>           | <u><b>188,160</b></u>      | <u>344,900</u>   | <u>156,740</u>                         |
| <b>Parks and Cemetery</b>                       |                         |                            |                  |  |
| Personal Services                               | 90,278                  | <b>133,018</b>             | 140,200          | 7,182                                  |
| Contractual Services                            | 6,074                   | <b>5,024</b>               | 4,731            | (293)                                  |
| Commodities                                     | 26,245                  | <b>24,307</b>              | 27,650           | 3,343                                  |
| Capital Outlay                                  | -                       | <b>1,355</b>               | 500              | (855)                                  |
| <b>Total Parks and Cemetery</b>                 | <u>122,597</u>          | <u><b>163,704</b></u>      | <u>173,081</u>   | <u>9,377</u>                           |
| <b>Airport Operations</b>                       |                         |                            |                  |  |
| Contractual Services                            | 8,498                   | <b>8,657</b>               | 7,320            | (1,337)                                |
| Commodities                                     | 27,179                  | <b>28,596</b>              | 28,500           | (96)                                   |
| Capital Outlay                                  | 107,183                 | <b>1,883,563</b>           | 3,000            | (1,880,563)                            |
| <b>Total Airport Operations</b>                 | <u>142,860</u>          | <u><b>1,920,816</b></u>    | <u>38,820</u>    | <u>(1,881,996)</u>                     |
| Budget Credit (a)                               | -                       | -                          | 1,760,989        | 1,760,989                              |
| <b>Total Expenditures</b>                       | <u>3,489,661</u>        | <u><b>3,508,783</b></u>    | <u>3,547,815</u> | <u>39,032</u>                          |
| <b>Receipts Over (Under) Expenditures</b>       | (2,321,269)             | (74,120)                   |                  |  |
| <b>Unencumbered Cash, January 1</b>             | <u>2,523,807</u>        | <u><b>202,538</b></u>      |                  |  |
| <b>Unencumbered Cash, December 31</b>           | \$ <u>202,538</u>       | <u><b>128,418</b></u>      |                  |  |
| <b>(a) Budget Credit</b>                        |                         |                            |                  |  |
| Excess Federal Grants over Amount Budgeted      |                         | \$ <u>1,720,111</u>        |                  |  |
| Excess Reimbursed Expense over Amounts Budgeted |                         | <u>40,878</u>              |                  |  |
| <b>Total Budget Credit</b>                      |                         | \$ <u><b>1,760,989</b></u> |                  |  |

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

**CITY OF OAKLEY, KANSAS**  
**Employee Benefits Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year    |               | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-----------------|---------------|--|
|   |                         | Actual          | Budget        |  |
| <b>Cash Receipts</b>                      |                         |                 |               |  |
| <b>Taxes</b>                              |                         |                 |               |  |
| Ad Valorem Tax                            | \$ 202,121              | 160             | -             | 160                                    |
| Delinquent Tax                            | 1,781                   | 1,565           | 1,000         | 565                                    |
| Vehicle Tax                               | 30,031                  | 37,035          | 34,579        | 2,456                                  |
| Excise Tax                                | 29                      | 32              | -             | 32                                     |
| Employee Insurance Contribution           | 16,146                  | -               | -             | -                                      |
| Reimbursed Expense                        | 2,744                   | -               | -             | -                                      |
| <b>Total Cash Receipts</b>                | <u>252,852</u>          | <u>38,792</u>   | <u>35,579</u> | <u>3,213</u>                           |
| <b>Expenditures</b>                       |                         |                 |               |  |
| Social Security                           | 41,460                  | -               | -             | -                                      |
| Employee Retirement                       | 25,279                  | -               | -             | -                                      |
| Workmen's Comp. Insurance                 | 35,912                  | -               | -             | -                                      |
| Health Insurance                          | 123,513                 | -               | -             | -                                      |
| Unemployment Taxes                        | 749                     | -               | -             | -                                      |
| Transfers Out                             | -                       | 37,922          | 34,709        | (3,213)                                |
| <b>Total Expenditures</b>                 | <u>226,913</u>          | <u>37,922</u>   | <u>34,709</u> | <u>(3,213)</u>                         |
| <b>Receipts Over (Under) Expenditures</b> | 25,939                  | 870             |               |  |
| <b>Unencumbered Cash, January 1</b>       | <u>(26,809)</u>         | <u>(870)</u>    |               |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u><u>(870)</u></u>  | <u><u>-</u></u> |               |  |

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

**CITY OF OAKLEY, KANSAS**  
**Library Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year               |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|----------------------------|----------------|--|
|   |                         | Actual                     | Budget         |  |
| <b>Cash Receipts</b>                      |                         |                            |                |  |
| <b>Taxes</b>                              |                         |                            |                |  |
| Ad Valorem Tax                            | \$ 107,024              | <b>109,081</b>             | 111,543        | (2,462)                                |
| Delinquent Tax                            | 1,004                   | <b>834</b>                 | -              | 834                                    |
| Vehicle Tax                               | 16,605                  | <b>19,799</b>              | 18,437         | 1,362                                  |
| Excise Tax                                | 16                      | <b>18</b>                  | 10             | 8                                      |
| <b>Total Cash Receipts</b>                | <u>124,649</u>          | <u><b>129,732</b></u>      | <u>129,990</u> | <u>(258)</u>                           |
| <b>Expenditures</b>                       |                         |                            |                |  |
| Appropriations                            | <u>123,550</u>          | <u><b>129,732</b></u>      | <u>131,220</u> | <u>1,488</u>                           |
| <b>Receipts Over (Under) Expenditures</b> | 1,099                   | -                          |                |  |
| <b>Unencumbered Cash, January 1</b>       | <u>822</u>              | <u><b>1,921</b></u>        |                |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u><u>1,921</u></u>  | <u><u><b>1,921</b></u></u> |                |  |

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

**CITY OF OAKLEY, KANSAS**  
**Special Highway Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year |        | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------|--------|--|
|   |                         | Actual       | Budget |  |
| <b>Cash Receipts</b>                      |                         |              |        |  |
| <b>Intergovernmental</b>                  |                         |              |        |  |
| State Aid                                 | \$ 57,256               | 54,241       | 60,010 | (5,769)                                |
| Employee Insurance Contribution           | -                       | -            | 800    | (800)                                  |
| FEMA Funds                                | 2,715                   | -            | -      | -                                      |
| Reimbursed Expense                        | 48                      | 2,117        | -      | 2,117                                  |
| Transfers In                              | 73,000                  | -            | -      | -                                      |
| <b>Total Cash Receipts</b>                | 133,019                 | 56,358       | 60,810 | (4,452)                                |
| <b>Expenditures</b>                       |                         |              |        |  |
| Personal Services                         | 56,837                  | -            | -      | -                                      |
| Contractual Services                      | 2,299                   | 2,139        | 2,500  | 361                                    |
| Commodities                               | 83,078                  | 39,633       | 74,500 | 34,867                                 |
| Capital Outlay                            | 69                      | 2,061        | -      | (2,061)                                |
| <b>Total Expenditures</b>                 | 142,283                 | 43,833       | 77,000 | 33,167                                 |
| <b>Receipts Over (Under) Expenditures</b> | (9,264)                 | 12,525       |        |  |
| <b>Unencumbered Cash, January 1</b>       | 13,474                  | 4,210        |        |  |
| <b>Unencumbered Cash, December 31</b>     | \$ 4,210                | 16,735       |        |  |

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

**CITY OF OAKLEY, KANSAS**  
**Special Parks and Recreation Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year |        | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------|--------|--|
|   |                         | Actual       | Budget |  |
| <b>Cash Receipts</b>                      |                         |              |        |  |
| <b>Intergovernmental</b>                  |                         |              |        |  |
| Private Club and Liquor Tax               | \$ 3,030                | 3,179        | 3,000  | 179                                    |
| Donations                                 | -                       | 500          | -      | 500                                    |
| <b>Total Cash Receipts</b>                | 3,030                   | 3,679        | 3,000  | 679                                    |
| <b>Expenditures</b>                       |                         |              |        |  |
| Capital Outlay                            | 216                     | -            | 11,139 | 11,139                                 |
| <b>Receipts Over (Under) Expenditures</b> | 2,814                   | 3,679        |        |  |
| <b>Unencumbered Cash, January 1</b>       | 5,139                   | 7,953        |        |  |
| <b>Unencumbered Cash, December 31</b>     | \$ 7,953                | 11,632       |        |  |

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

**CITY OF OAKLEY, KANSAS**  
**Convention and Tourism Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year         |               | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|----------------------|---------------|--|
|   |                         | Actual               | Budget        |  |
| <b>Cash Receipts</b>                      |                         |                      |               |  |
| <b>Intergovernmental</b>                  |                         |                      |               |  |
| Transient Guest Tax                       | \$ 31,092               | <b>39,421</b>        | 20,000        | 19,421                                 |
| Reimbursed Expense                        | 1,150                   | <b>1,290</b>         | -             | 1,290                                  |
| <b>Total Cash Receipts</b>                | 32,242                  | <b>40,711</b>        | <u>20,000</u> | <u>20,711</u>                          |
| <b>Expenditures</b>                       |                         |                      |               |  |
| Commodities                               | 16,357                  | <b>22,134</b>        | <u>40,763</u> | <u>18,629</u>                          |
| <b>Receipts Over (Under) Expenditures</b> | 15,885                  | <b>18,577</b>        |               |  |
| <b>Unencumbered Cash, January 1</b>       | 12,869                  | <b>28,754</b>        |               |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u>28,754</u>        | <u><b>47,331</b></u> |               |  |

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

**CITY OF OAKLEY, KANSAS**  
**Equipment Reserve Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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|   | <u>Prior<br/>Year<br/>Actual</u> | <u>Current<br/>Year<br/>Actual</u> |
|---|----------------------------------|------------------------------------|
| <b>Cash Receipts</b>                      |                                  |                                    |
| Transfers In                              | \$ 20,445                        | 31,000                             |
| <b>Expenditures</b>                       |                                  |                                    |
| Capital Outlay                            | <u>50,685</u>                    | <u>20,275</u>                      |
| <b>Receipts Over (Under) Expenditures</b> | (30,240)                         | 10,725                             |
| <b>Unencumbered Cash, January 1</b>       | <u>51,072</u>                    | <u>20,832</u>                      |
| <b>Unencumbered Cash, December 31</b>     | <u>\$ 20,832</u>                 | <u>31,557</u>                      |

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

**CITY OF OAKLEY, KANSAS**  
**Capital Improvement Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Transfers In                              | \$ 2,500,000            | 30,000                    |
| <b>Expenditures</b>                       |                         |                           |
| Capital Outlay                            | -                       | 158,074                   |
| Transfers Out                             | -                       | 12,000                    |
| <b>Total Expenditures</b>                 | -                       | 170,074                   |
| <b>Receipts Over (Under) Expenditures</b> | 2,500,000               | (140,074)                 |
| <b>Unencumbered Cash, January 1</b>       | 51,980                  | 2,551,980                 |
| <b>Unencumbered Cash, December 31</b>     | \$ 2,551,980            | 2,411,906                 |

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

**CITY OF OAKLEY, KANSAS**  
**Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year |        | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------|--------|--|
|   |                         | Actual       | Budget |  |
| <b>Cash Receipts</b>                      |                         |              |        |  |
| <b>Taxes</b>                              |                         |              |        |  |
| Ad Valorem Tax                            | \$ 16,056               | 10,046       | 10,240 | (194)                                  |
| Delinquent Tax                            | 439                     | 153          | 1,000  | (847)                                  |
| Motor Vehicle Tax                         | 6,689                   | 4,072        | 2,814  | 1,258                                  |
| Excise Tax                                | 6                       | 5            | -      | 5                                      |
| Special Assessments                       | 4,405                   | 4,288        | 4,350  | (62)                                   |
| Transfers In                              | 62,000                  | 66,025       | 64,000 | 2,025                                  |
| <b>Total Cash Receipts</b>                | 89,595                  | 84,589       | 82,404 | 2,185                                  |
| <b>Expenditures</b>                       |                         |              |        |  |
| Principal                                 | 45,000                  | 50,000       | 50,000 | -                                      |
| Interest                                  | 46,208                  | 43,624       | 43,620 | (4)                                    |
| <b>Total Expenditures</b>                 | 91,208                  | 93,624       | 93,620 | (4)                                    |
| <b>Receipts Over (Under) Expenditures</b> | (1,613)                 | (9,035)      |        |  |
| <b>Unencumbered Cash, January 1</b>       | 10,979                  | 9,366        |        |  |
| <b>Unencumbered Cash, December 31</b>     | \$ 9,366                | 331          |        |  |

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

**CITY OF OAKLEY, KANSAS**  
**Water Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|  | Prior<br>Year<br>Actual | Current Year   |                | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------------|----------------|----------------|--|
|  |                         | Actual         | Budget         |  |
| <b>Cash Receipts</b>                       |                         |                |                |  |
| <b>Charges for Services</b>                |                         |                |                |  |
| Utility Sales                              | \$ 250,879              | 255,531        | 225,000        | 30,531                                 |
| Penalties                                  | 2,422                   | 3,186          | 2,000          | 1,186                                  |
| Service Connections                        | 7,841                   | 5,435          | 2,000          | 3,435                                  |
| Water Taps                                 | 1,100                   | 530            | 200            | 330                                    |
| <b>Use of Money and Property</b>           |                         |                |                |  |
| Interest on Investments                    | 1,490                   | 539            | 1,000          | (461)                                  |
| Water Tower Rent                           | 3,400                   | 3,600          | 2,750          | 850                                    |
| <b>Taxes</b>                               |                         |                |                |  |
| Sales Tax                                  | 2,999                   | 5,917          | 3,000          | 2,917                                  |
| <b>Miscellaneous</b>                       |                         |                |                |  |
| Reimbursed Expense                         | 5,324                   | 5,294          | 2,750          | 2,544                                  |
| State Water Protection Fee                 | 5,878                   | 5,200          | 8,000          | (2,800)                                |
| Miscellaneous                              | 2,989                   | 1,791          | -              | 1,791                                  |
| <b>Total Cash Receipts</b>                 | <b>284,322</b>          | <b>287,023</b> | <b>246,700</b> | <b>40,323</b>                          |
| <b>Expenditures</b>                        |                         |                |                |  |
| <b>Water Production</b>                    |                         |                |                |  |
| Contractual Services                       | 9,914                   | 8,400          | 10,500         | 2,100                                  |
| Commodities                                | 701                     | 1,216          | 1,500          | 284                                    |
| Capital Outlay                             | -                       | 3,656          | -              | (3,656)                                |
| <b>Total Water Production</b>              | <b>10,615</b>           | <b>13,272</b>  | <b>12,000</b>  | <b>(1,272)</b>                         |
| <b>Water Transmission and Distribution</b> |                         |                |                |  |
| Personal Services                          | 63,368                  | -              | -              | -                                      |
| Contractual Services                       | 1,285                   | 1,614          | 1,400          | (214)                                  |
| Commodities                                | 23,884                  | 32,024         | 20,200         | (11,824)                               |
| Capital Outlay                             | 9,727                   | 26,486         | 15,000         | (11,486)                               |
| <b>Total Water Trans. and Dist.</b>        | <b>98,264</b>           | <b>60,124</b>  | <b>36,600</b>  | <b>(23,524)</b>                        |
| <b>Water Commercial and General</b>        |                         |                |                |  |
| Personal Services                          | 71,635                  | 84             | -              | (84)                                   |
| Contractual Services                       | 37,256                  | 44,708         | 20,000         | (24,708)                               |
| Commodities                                | 35,402                  | 37,920         | 22,000         | (15,920)                               |
| Capital Outlay                             | -                       | 2,484          | -              | (2,484)                                |
| <b>Total Water Commercial and Gen.</b>     | <b>144,293</b>          | <b>85,196</b>  | <b>42,000</b>  | <b>(43,196)</b>                        |
| <b>Expenditures Carried Forward</b>        | <b>\$ 253,172</b>       | <b>158,592</b> | <b>90,600</b>  | <b>(67,992)</b>                        |

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

**CITY OF OAKLEY, KANSAS**  
**Water Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year            |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-------------------------|----------------|--|
|   |                         | Actual                  | Budget         |  |
| <b>Expenditures Brought Forward</b>               | \$ 253,172              | <b>158,592</b>          | 90,600         | (67,992)                               |
| <b>Non-Operating Expenses</b>                     |                         |                         |                |  |
| Transfers Out                                     | 15,000                  | <b>185,387</b>          | 235,000        | 49,614                                 |
| State Water Fee and Sales Tax                     | 8,529                   | <b>11,621</b>           | 11,000         | (621)                                  |
| <b>Total Non-Operating Expenses</b>               | <u>23,529</u>           | <u><b>197,008</b></u>   | <u>246,000</u> | <u>48,993</u>                          |
| (a) Budget Credit                                 | -                       | -                       | 2,544          | 2,544                                  |
| <b>Total Expenditures</b>                         | <u>276,701</u>          | <u><b>355,600</b></u>   | <u>339,144</u> | <u>(16,456)</u>                        |
| <b>Receipts Over (Under) Expenditures</b>         | 7,621                   | <b>(68,577)</b>         |                |  |
| <b>Unencumbered Cash, January 1</b>               | <u>86,735</u>           | <u><b>94,356</b></u>    |                |  |
| <b>Unencumbered Cash, December 31</b>             | \$ <u>94,356</u>        | \$ <u><b>25,779</b></u> |                |  |
| <b>(a) Budget Credit</b>                          |                         |                         |                |  |
| Excess Reimbursed Expense<br>over Amount Budgeted |                         | \$ <u><b>2,544</b></u>  |                |  |

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

**CITY OF OAKLEY, KANSAS**  
**Water Reserve Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Interest on Investments                   | \$ 3,936                | 1,484                     |
| Transfers In                              | -                       | 50,000                    |
| <b>Total Cash Receipts</b>                | 3,936                   | 51,484                    |
| <b>Expenditures</b>                       |                         |                           |
| Transfers Out                             | 25,000                  | 32,025                    |
| <b>Receipts Over (Under) Expenditures</b> | (21,064)                | 19,459                    |
| <b>Unencumbered Cash, January 1</b>       | 41,405                  | 20,341                    |
| <b>Unencumbered Cash, December 31</b>     | \$ 20,341               | 39,800                    |

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

**CITY OF OAKLEY, KANSAS**  
**Electric Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year  |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|---------------|----------------|--|
|   |                         | Actual        | Budget         |  |
| <b>Cash Receipts</b>                          |                         |               |                |  |
| <b>Charges for Services</b>                   |                         |               |                |  |
| Utility Sales                                 | \$ 150,700              | 369           | -              | 369                                    |
| Penalties                                     | 1,748                   | -             | -              | -                                      |
| <b>Use of Money and Property</b>              |                         |               |                |  |
| Interest on Investments                       | 4,061                   | 1,500         | 1,500          | -                                      |
| <b>Taxes</b>                                  |                         |               |                |  |
| Sales Tax                                     | 2                       | -             | -              | -                                      |
| <b>Miscellaneous</b>                          |                         |               |                |  |
| Reimbursed Expense                            | 12,462                  | 81,150        | 100,000        | (18,850)                               |
| Employee Insurance Contribution               | 1,476                   | 538           | -              | 538                                    |
| Capital Credit Refunds                        | 12,504                  | 11,610        | -              | 11,610                                 |
| Miscellaneous                                 | 42,003                  | -             | -              | -                                      |
| <b>Total Cash Receipts</b>                    | <b>224,956</b>          | <b>95,167</b> | <b>101,500</b> | <b>(6,333)</b>                         |
| <b>Expenditures</b>                           |                         |               |                |  |
| <b>Electric Production</b>                    |                         |               |                |  |
| Personal Services                             | 49,051                  | -             | -              | -                                      |
| Contractual Services                          | 25,056                  | 89,027        | -              | (89,027)                               |
| Commodities                                   | 25,851                  | 9,302         | -              | (9,302)                                |
| Capital Outlay                                | 1,396                   | 480           | -              | (480)                                  |
| <b>Total Electric Production</b>              | <b>101,354</b>          | <b>98,809</b> | <b>-</b>       | <b>(98,809)</b>                        |
| <b>Electric Transmission and Distribution</b> |                         |               |                |  |
| Personal Services                             | 12,632                  | -             | -              | -                                      |
| Contractual Services                          | 1,488                   | -             | 23,000         | 23,000                                 |
| Commodities                                   | 911                     | -             | 30,500         | 30,500                                 |
| Capital Outlay                                | 542                     | -             | -              | -                                      |
| <b>Total Electric Trans. and Dist.</b>        | <b>15,573</b>           | <b>-</b>      | <b>53,500</b>  | <b>53,500</b>                          |
| <b>Electric Commercial and General</b>        |                         |               |                |  |
| Personal Services                             | 16,752                  | -             | -              | -                                      |
| Contractual Services                          | 66,538                  | -             | -              | -                                      |
| Commodities                                   | 5,914                   | -             | -              | -                                      |
| <b>Total Electric Comm. and Gen.</b>          | <b>89,204</b>           | <b>-</b>      | <b>-</b>       | <b>-</b>                               |
| <b>Expenditures Carried Forward</b>           | <b>\$ 206,131</b>       | <b>98,809</b> | <b>53,500</b>  | <b>(45,309)</b>                        |

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

**CITY OF OAKLEY, KANSAS**  
**Electric Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year          |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-----------------------|----------------|--|
|   |                         | Actual                | Budget         |  |
| <b>Expenditures Brought Forward</b>       | \$ 206,131              | <b>98,809</b>         | 53,500         | (45,309)                               |
| <b>Non-Operating Expenses</b>             |                         |                       |                |  |
| Transfers Out                             | 50,000                  | <b>47,516</b>         | 50,000         | 2,484                                  |
| Other                                     | 23,962                  | -                     | -              | -                                      |
| <b>Total Non-Operating Expenses</b>       | <u>73,962</u>           | <u><b>47,516</b></u>  | <u>50,000</u>  | <u>2,484</u>                           |
| <b>Total Expenditures</b>                 | <u>280,093</u>          | <u><b>146,325</b></u> | <u>103,500</u> | <u>(42,825)</u>                        |
| <b>Receipts Over (Under) Expenditures</b> | (55,137)                | <b>(51,158)</b>       |                |  |
| <b>Unencumbered Cash, January 1</b>       | <u>262,408</u>          | <u><b>207,271</b></u> |                |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u>207,271</u>       | <u><b>156,113</b></u> |                |  |

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

**CITY OF OAKLEY, KANSAS**  
**Electric Reserve Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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|                                       | <u>Prior<br/>Year<br/>Actual</u> | <u>Current<br/>Year<br/>Actual</u> |
|---------------------------------------|----------------------------------|------------------------------------|
| <b>Cash Receipts</b>                  |                                  |                                    |
| Interest on Investments               | \$ 11,746                        | 4,286                              |
| Transfers In                          | <u>50,000</u>                    | <u>-</u>                           |
| <b>Total Cash Receipts</b>            | 61,746                           | 4,286                              |
| <b>Unencumbered Cash, January 1</b>   | <u>99,250</u>                    | <u>160,996</u>                     |
| <b>Unencumbered Cash, December 31</b> | <u>\$ 160,996</u>                | <u>165,282</u>                     |

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

**CITY OF OAKLEY, KANSAS**  
**Sanitation Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current Year          |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-----------------------|----------------|--|
|   |                         | Actual                | Budget         |  |
| <b>Cash Receipts</b>                      |                         |                       |                |  |
| <b>Charges for Services</b>               |                         |                       |                |  |
| Refuse Collection                         | \$ 216,028              | <b>232,896</b>        | 200,000        | 32,896                                 |
| Sewer Charges                             | 129,746                 | <b>139,748</b>        | 121,000        | 18,748                                 |
| Penalties                                 | 3,349                   | <b>3,943</b>          | 2,400          | 1,543                                  |
| <b>Uses of Money and Property</b>         |                         |                       |                |  |
| Interest on Investments                   | 1,966                   | <b>826</b>            | 1,600          | (774)                                  |
| <b>Miscellaneous</b>                      |                         |                       |                |  |
| Reimbursed Expense                        | 278                     | <b>13,126</b>         | -              | 13,126                                 |
| FEMA Funds                                | 442                     | -                     | -              | -                                      |
| Employee Insurance Contribution           | 2,770                   | <b>2,309</b>          | -              | 2,309                                  |
| Miscellaneous                             | 347                     | -                     | -              | -                                      |
| <b>Total Cash Receipts</b>                | <u>354,926</u>          | <u><b>392,848</b></u> | <u>325,000</u> | <u>67,848</u>                          |
| <b>Expenditures</b>                       |                         |                       |                |  |
| <b>Refuse Collection</b>                  |                         |                       |                |  |
| Personal Services                         | 92,965                  | -                     | -              | -                                      |
| Contractual Services                      | 3,897                   | <b>4,818</b>          | 4,300          | (518)                                  |
| Commodities                               | 64,020                  | <b>67,129</b>         | 61,500         | (5,629)                                |
| Capital Outlay                            | 7,790                   | <b>7,032</b>          | 15,000         | 7,968                                  |
| <b>Total Refuse Collection</b>            | <u>168,672</u>          | <u><b>78,979</b></u>  | <u>80,800</u>  | <u>1,821</u>                           |
| <b>Sewage Treatment</b>                   |                         |                       |                |  |
| Personal Services                         | 47,072                  | <b>384</b>            | 1,000          | 616                                    |
| Contractual Services                      | 12,012                  | <b>20,469</b>         | 8,200          | (12,269)                               |
| Commodities                               | 21,330                  | <b>16,249</b>         | 19,500         | 3,251                                  |
| Capital Outlay                            | 715                     | <b>2,577</b>          | 5,000          | 2,423                                  |
| <b>Total Sewage Treatment</b>             | <u>81,129</u>           | <u><b>39,679</b></u>  | <u>33,700</u>  | <u>(5,979)</u>                         |
| <b>Non-Operating Expenses</b>             |                         |                       |                |  |
| Transfers Out                             | 50,445                  | <b>219,036</b>        | 231,000        | 11,964                                 |
| <b>Total Expenditures</b>                 | <u>300,246</u>          | <u><b>337,694</b></u> | <u>345,500</u> | <u>7,806</u>                           |
| <b>Receipts Over (Under) Expenditures</b> | 54,680                  | <b>55,154</b>         |                |  |
| <b>Unencumbered Cash, January 1</b>       | <u>23,950</u>           | <u><b>78,630</b></u>  |                |  |
| <b>Unencumbered Cash, December 31</b>     | <u>\$ 78,630</u>        | <u><b>133,784</b></u> |                |  |

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

**CITY OF OAKLEY, KANSAS**  
**Sanitation Reserve Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Interest on Investments                   | \$ 2,260                | 949                       |
| Transfers In                              | 30,000                  | 45,000                    |
| <b>Total Cash Receipts</b>                | 32,260                  | 45,949                    |
| <b>Expenditures</b>                       |                         |                           |
| Transfers Out                             | 22,000                  | 22,000                    |
| <b>Receipts Over (Under) Expenditures</b> | 10,260                  | 23,949                    |
| <b>Unencumbered Cash, January 1</b>       | 32,744                  | 43,004                    |
| <b>Unencumbered Cash, December 31</b>     | \$ 43,004               | 66,953                    |

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

**CITY OF OAKLEY, KANSAS**  
**Museum Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Donations                                 | \$ 3,830                | 2,630                     |
| Fund Raisers                              | 2,011                   | 1,785                     |
| KHC-Projects                              | 2,000                   | -                         |
| Interest on Investments                   | 7,751                   | 3,750                     |
| Reimbursed Expense                        | 23                      | 143                       |
| <b>Total Cash Receipts</b>                | <b>15,615</b>           | <b>8,308</b>              |
| <b>Expenditures</b>                       |                         |                           |
| Commodities                               | 12,599                  | 6,591                     |
| <b>Receipts Over (Under) Expenditures</b> | <b>3,016</b>            | <b>1,717</b>              |
| <b>Unencumbered Cash, January 1</b>       | <b>124,705</b>          | <b>127,721</b>            |
| <b>Unencumbered Cash, December 31</b>     | <b>\$ 127,721</b>       | <b>129,438</b>            |

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

**CITY OF OAKLEY, KANSAS**  
**Museum Store Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Sales and Commissions                     | \$ 9,034                | 7,499                     |
| Interest on Investments                   | 804                     | 392                       |
| <b>Total Cash Receipts</b>                | 9,838                   | 7,891                     |
| <b>Expenditures</b>                       |                         |                           |
| Supplies and Inventory                    | 6,432                   | 4,607                     |
| <b>Receipts Over (Under) Expenditures</b> | 3,406                   | 3,284                     |
| <b>Unencumbered Cash, January 1</b>       | 38,445                  | 41,851                    |
| <b>Unencumbered Cash, December 31</b>     | \$ 41,851               | 45,135                    |

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

**CITY OF OAKLEY, KANSAS**  
**Cemetery Trust Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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|   | <u>Prior<br/>Year<br/>Actual</u> | <u>Current<br/>Year<br/>Actual</u> |
|---|----------------------------------|------------------------------------|
| <b>Cash Receipts</b>                      | \$ -                             | -                                  |
| <b>Expenditures</b>                       | -                                | -                                  |
| <b>Receipts Over (Under) Expenditures</b> | -                                | -                                  |
| <b>Unencumbered Cash, January 1</b>       | <u>6,500</u>                     | <u>6,500</u>                       |
| <b>Unencumbered Cash, December 31</b>     | <u>\$ 6,500</u>                  | <u>6,500</u>                       |

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

**CITY OF OAKLEY, KANSAS**  
**Flexible Spending Plan Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Collections                               | \$ 37,998               | 18,781                    |
| <b>Expenditures</b>                       |                         |                           |
| Flexible Plan Premiums                    | 31,004                  | 27,040                    |
| <b>Receipts Over (Under) Expenditures</b> | 6,994                   | (8,259)                   |
| <b>Unencumbered Cash, January 1</b>       | 1,993                   | 8,987                     |
| <b>Unencumbered Cash, December 31</b>     | \$ 8,987                | 728                       |

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

**CITY OF OAKLEY, KANSAS**  
**Special Law Enforcement Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Forfeiture Proceeds                       | \$ -                    | -                         |
| <b>Expenditures</b>                       |                         |                           |
| Commodities                               | 4,401                   | -                         |
| <b>Receipts Over (Under) Expenditures</b> | (4,401)                 | -                         |
| <b>Unencumbered Cash, January 1</b>       | 5,626                   | 1,225                     |
| <b>Unencumbered Cash, December 31</b>     | \$ 1,225                | 1,225                     |

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

**CITY OF OAKLEY, KANSAS**  
**Library - General Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| <b>Appropriations from City</b>           |                         |                           |
| Library Fund                              | \$ 123,550              | 129,732                   |
| <b>Intergovernmental</b>                  |                         |                           |
| Grants                                    | 204                     | 1,423                     |
| <b>Uses of Money and Property</b>         |                         |                           |
| Interest on Investments                   | 8,405                   | 2,942                     |
| <b>Miscellaneous</b>                      |                         |                           |
| Fines and Fees                            | 2,317                   | 2,011                     |
| Contributions and Memorials               | 2,783                   | 2,007                     |
| Book Sales                                | 368                     | 319                       |
| Miscellaneous                             | 281                     | 426                       |
| <b>Transfers In</b>                       | 4,192                   | 2,422                     |
| <b>Total Cash Receipts</b>                | <u>142,100</u>          | <u>141,282</u>            |
| <b>Expenditures</b>                       |                         |                           |
| Personal Services                         | 94,117                  | 108,187                   |
| Contractual Services                      | 6,117                   | 6,489                     |
| Commodities                               | 12,127                  | 13,395                    |
| Capital Outlay                            | 862                     | 1,279                     |
| Transfers Out                             | 10,560                  | 12,348                    |
| <b>Total Expenditures</b>                 | <u>123,783</u>          | <u>141,698</u>            |
| <b>Receipts Over (Under) Expenditures</b> | 18,317                  | (416)                     |
| <b>Unencumbered Cash, January 1</b>       | <u>98,314</u>           | <u>116,631</u>            |
| <b>Unencumbered Cash, December 31</b>     | <u>\$ 116,631</u>       | <u>116,215</u>            |

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

**CITY OF OAKLEY, KANSAS**  
**Library - Capital Improvement Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Interest on Investments                   | \$ -                    | 1,203                     |
| Transfers In                              | 10,560                  | 12,348                    |
| <b>Total Cash Receipts</b>                | 10,560                  | 13,551                    |
| <b>Expenditures</b>                       |                         |                           |
| Capital Outlay                            | -                       | 33,600                    |
| <b>Receipts Over (Under) Expenditures</b> | 10,560                  | (20,049)                  |
| <b>Unencumbered Cash, January 1</b>       | 31,185                  | 41,745                    |
| <b>Unencumbered Cash, December 31</b>     | \$ 41,745               | 21,696                    |

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

**CITY OF OAKLEY, KANSAS**  
**Library - Flexible Spending Plan Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Collections                               | \$ 6,430                | 3,040                     |
| <b>Expenditures</b>                       |                         |                           |
| Flexible Plan Premiums                    | 7,580                   | 2,331                     |
| <b>Receipts Over (Under) Expenditures</b> | (1,150)                 | 709                       |
| <b>Unencumbered Cash, January 1</b>       | 3,034                   | 1,884                     |
| <b>Unencumbered Cash, December 31</b>     | \$ 1,884                | 2,593                     |

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

**CITY OF OAKLEY, KANSAS**  
**Edna M. Hood Estate Bequest Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Interest on Investments                   | \$ 4,192                | 2,422                     |
| <b>Expenditures</b>                       |                         |                           |
| Transfers Out                             | 4,192                   | 2,422                     |
| <b>Receipts Over (Under) Expenditures</b> | -                       | -                         |
| <b>Unencumbered Cash, January 1</b>       | 80,000                  | 80,000                    |
| <b>Unencumbered Cash, December 31</b>     | \$ 80,000               | 80,000                    |

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

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**1. Summary of Significant Accounting Policies**

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory 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:

**A. Financial Reporting Entity**

The **City of Oakley, Kansas** is a municipal corporation governed by an elected Mayor and five elected council members. The City receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources.

The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The **City of Oakley, Kansas** is the primary government as defined in GASB #14 and further amended by GASB #39. 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.

The following is a component unit of the **City of Oakley, Kansas**. The City exercises significant influence or accountability based primarily on operational or financial relationships with the City (as distinct from legal relationships).

**Oakley Public Library Board**

The Oakley Public Library Board is organized under Kansas Statutes for the purpose of operating a public library for the benefit of the **City of Oakley, Kansas**. 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 Board's audited financial statements are included in the **City of Oakley, Kansas'** audit report. The Library Board does not issue a separate audit report. Contact the City Clerk for further information.

**B. 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 categories of funds comprise the financial activities of the City for the year ended December 31, 2008:

**Governmental Fund Categories**

**General Fund** – reports as the primary fund of the City. The fund is used to account for all financial resources not reported in other funds.

**Special Revenue Funds** - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**B. Basis of Presentation – Fund Accounting (cont.)**

**Debt Service Fund** - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt and the financing of special assessments which are general obligations of the City.

**Proprietary Fund Category**

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

**Fiduciary Fund Categories**

**Agency Funds** - to account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others.

**Private Purpose Trust Funds** - to account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**C. Statutory Basis of Accounting**

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

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 statutory basis of accounting.

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

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

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**E. Accounting for Capital Assets and Depreciation**

The City does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

**F. 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 local newspaper of the proposed budget notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory 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 municipality 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 fiduciary funds and the following special revenue funds:

Equipment Reserve Fund, Capital Improvement 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.

**G. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**H. 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 type in the summary of cash receipts, expenditures and unencumbered cash.

As of December 31, 2008, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of 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 2008. All deposits were legally secured at December 31, 2008.

At December 31, 2008, the City's carrying amount of deposits was \$3,727,053 and the bank balance was \$3,745,853. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$752,258 was covered by federal depository insurance, \$2,993,595 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures during the year of purchase as required by state statutes.

**J. Property Tax Calendar**

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1<sup>st</sup> are due one-half by December 20<sup>th</sup> and one-half by May 10<sup>th</sup>. Major property tax payments are received January through July and are recognized as revenue in the year received.

**K. Restricted Assets**

These assets consist of cash and short-term investments restricted for Agency Funds.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**L. Compensated Absences**

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 paid only if the employee has been employed for ten years or longer. The maximum benefit paid for eligible employees is one-third of total accumulated leave. As of December 31, 2008 the cost of accumulated sick leave has been calculated at \$152,384.

The City allows a maximum of 10 days paid 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 City's maximum potential liability under the plan at December 31, 2008 has been estimated at \$44,673.

**M. Defined Benefit Pension Plan**

**Plan Description** – The **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 K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** - K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established by the statute for calendar year 2008 is 5.93%. The **City of Oakley, Kansas** employer contributions to KPERs for the years ending December 31, 2008, 2007, and 2006 were \$34,279, \$36,565, and \$27,274, respectively.

**N. Deferred Compensation Plan**

The **City of Oakley, Kansas** sponsors a deferred compensation under the 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 of Oakley, Kansas** is not responsible to make any contributions.

**O. Other Post Employment Benefits**

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

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

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

**2. Landfill Closure and Postclosure Costs**

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The current year expenditures relating to the operation in the landfill, are provided in the Sanitation Utility Fund in these financial statements.

The City's estimate of closure and postclosure care liability at year end would be \$95,095. This liability is based on the use of 6.63% of the estimated cost of closure and postclosure care of \$1,434,742 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The City expects the landfill to continue to operate for approximately 14.1 years. Actual costs may be higher due to inflation, changes in technology or in regulations. The City has not restricted any of its assets for payments of closure and post closure care costs.

The City is meeting the financial assurance requirements through the Local Government Financial Test. This test involves our components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The City has satisfied all four requirements.

**3. Transfers and Payments**

Transfers and payments 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. The City's operating transfers and statutory authority for December 31, 2008 were as follows:

| <u>From</u>                                   | <u>To</u>                   | <u>Authority</u> | <u>2008</u>              |
|---|-----------------------------|------------------|--------------------------|
| General - Government                          | Capital Improvement         | K.S.A. 12-1,118  | \$ 30,000                |
| General - Government                          | Equipment Reserve           | K.S.A. 12-1,117  | 10,000                   |
| Electric Utility                              | General - Government        | K.S.A. 12-825d   | 47,516                   |
| Water Utility                                 | General - Government        | K.S.A. 12-825d   | 135,387                  |
| Water Utility                                 | Water Reserve               | K.S.A. 12-825d   | 50,000                   |
| Sanitation Utility                            | Sanitation Reserve          | K.S.A. 12-825d   | 45,000                   |
| Sanitation Utility                            | Equipment Reserve           | K.S.A. 12-1,117  | 21,000                   |
| Sanitation Utility                            | General - Government        | K.S.A. 12-825d   | 153,036                  |
| Employee Benefits                             | General - Government        | K.S.A. 12-825d   | 37,922                   |
| Capital Improvement                           | Bond and Interest           | K.S.A. 12-6a16   | 12,000                   |
| Water Reserve                                 | Bond and Interest           | K.S.A. 12-6a16   | 32,025                   |
| Sanitation Reserve                            | Bond and Interest           | K.S.A. 12-6a16   | 22,000                   |
| <b>TOTALS</b>                                 |                             |                  | <b><u>\$ 595,886</u></b> |
| <br><u>Component Unit Operating Transfers</u> |                             |                  |                          |
| Edna M. Hood Estate Bequest                   | Library-General             | K.S.A 79-2925    | \$ 2,422                 |
| Library-General                               | Library-Capital Improvement | K.S.A 12-1258    | 12,348                   |
| <b>TOTALS</b>                                 |                             |                  | <b><u>\$ 14,770</u></b>  |

**4. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**5. Litigation**

The City is party to various legal proceedings such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the City.

**6. Risk Management – Claims and Judgments**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The City carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, umbrella, auto and fidelity bond coverage.

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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At December 31, 2008 the financial statements do not include liabilities for anticipated costs.

**7. Grants and Shared Revenues**

The City 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 audits, is not believed to be material.

**8. Comparative Data**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the City's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

**9. Compliance with Kansas Statutes**

Expenditures exceeded the adopted budget in the following funds which is in violation of K.S.A. 79-2935.

|                        |    |          |
|------------------------|----|----------|
| Bond and Interest Fund | \$ | (4)      |
| Water Utility Fund     | \$ | (16,456) |
| Electric Utility Fund  | \$ | (42,825) |

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**10. Long Term Debt**

The City has the following types of Long-Term Debt:

**General Obligation Bonds** – The City issued General Obligation Bonds to provide funds in order to construct a main sewer line, to install a water line and to construct a main sewer extension.

**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.

Changes in long-term debt for the City at December 31, 2008 and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are included on the next two pages.

CITY OF OAKLEY, KANSAS

Note 10 - Schedule of Changes in Long-Term Debt  
For the Year Ended December 31, 2008

| Issue  | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Net Change | Balance End of Year | Interest Paid |
|--|----------------|---------------|-----------------|------------------------|---------------------------|-----------|----------------------|------------|---------------------|---------------|
| General Obligation Bond Series 1999            | 5.45%          | 07/15/99      | \$ 985,000      | 07/01/20               | 725,000                   | -         | (45,000)             | (45,000)   | 680,000             | 39,054        |
| General Obligation Bond Series 2003            | 4.42%          | 02/20/03      | 121,000         | 12/01/18               | 105,000                   | -         | (5,000)              | (5,000)    | 100,000             | 4,570         |
| Capital Leases                                 |                |               |                 |                        |                           |           |                      |            |                     |               |
| Trash Truck                                    | 5.30%          | 08/12/03      | 103,015         | 08/12/08               | 19,658                    | -         | (19,658)             | (19,658)   | -                   | 787           |
| 2008 Komatsu Wheel Loader                      | 3.95%          | 09/24/08      | 135,713         | 09/24/13               | -                         | 135,713   | -                    | 135,713    | 135,713             | -             |
| Total Capital Leases                           |                |               | 238,728         |                        | 19,658                    | 135,713   | (19,658)             | 116,055    | 135,713             | 787           |
| Total Contractual Indebtedness                 |                |               | 1,344,728       |                        | 849,658                   | 135,713   | (69,658)             | 66,055     | 915,713             | 44,411        |
| Amount to be Provided for Compensated Absences | N/A            | N/A           | N/A             | N/A                    | 195,597                   | -         | -                    | 1,460      | 197,057             | -             |
| Landfill Closure and Post Closure Care         | N/A            | N/A           | N/A             | N/A                    | 1,434,742                 | -         | -                    | -          | 1,434,742           | -             |
| Total Long-Term Debt                           |                |               | \$ 1,344,728    |                        | 2,479,997                 | 135,713   | (69,658)             | 67,515     | 2,547,512           | 44,411        |

**CITY OF OAKLEY, KANSAS**  
 Note 10 - Schedule of Maturity of Long-Term Debt  
 For the Year Ended December 31, 2008

|                                       | YEAR              |                |                |                |                |                |               |  |  |  | Total            |  |
|---------------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|---------------|--|--|--|------------------|--|
|                                       | 2009              | 2010           | 2011           | 2012           | 2013           | 2014-2018      | 2019-2023     |  |  |  |                  |  |
| <b>Principal</b>                      |                   |                |                |                |                |                |               |  |  |  |                  |  |
| General Obligation Bond - Series 1999 | \$ 45,000         | 50,000         | 55,000         | 55,000         | 55,000         | 340,000        | 80,000        |  |  |  | <b>680,000</b>   |  |
| General Obligation Bond - Series 2003 | 10,000            | 10,000         | 10,000         | 10,000         | 10,000         | 50,000         | -             |  |  |  | <b>100,000</b>   |  |
| Capital Leases                        | 25,062            | 26,062         | 27,101         | 28,182         | 29,306         | -              | -             |  |  |  | <b>135,713</b>   |  |
| <b>Total Principal</b>                | <b>80,062</b>     | <b>86,062</b>  | <b>92,101</b>  | <b>93,182</b>  | <b>94,306</b>  | <b>390,000</b> | <b>80,000</b> |  |  |  | <b>915,713</b>   |  |
| <b>Interest</b>                       |                   |                |                |                |                |                |               |  |  |  |                  |  |
| General Obligation Bond - Series 1999 | 36,530            | 34,055         | 31,480         | 28,620         | 25,650         | 78,840         | 4,320         |  |  |  | <b>239,495</b>   |  |
| General Obligation Bond - Series 2003 | 4,310             | 3,790          | 3,440          | 3,065          | 2,665          | 6,850          | -             |  |  |  | <b>24,120</b>    |  |
| Capital Leases                        | 5,116             | 4,116          | 3,076          | 1,995          | 871            | -              | -             |  |  |  | <b>15,174</b>    |  |
| <b>Total Interest</b>                 | <b>45,956</b>     | <b>41,961</b>  | <b>37,996</b>  | <b>33,680</b>  | <b>29,186</b>  | <b>85,690</b>  | <b>4,320</b>  |  |  |  | <b>278,789</b>   |  |
| <b>Total Principal and Interest</b>   | <b>\$ 126,018</b> | <b>128,023</b> | <b>130,097</b> | <b>126,862</b> | <b>123,492</b> | <b>475,690</b> | <b>84,320</b> |  |  |  | <b>1,194,502</b> |  |



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Certified  
Public  
Accountants

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 Mayor and City Council  
**City of Oakley, Kansas**  
Oakley, Kansas 67748

We have audited the financial statements of **City of Oakley, Kansas** as of and for the year ended December 31, 2008 and have issued our report thereon dated August 3, 2009. The report on the audited financial statements 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 statutory 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. Except as discussed in the preceding sentence, we conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects **City of Oakley, Kansas'** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **City of Oakley, Kansas'** financial statements that is more than inconsequential will not be prevented or detected by **City of Oakley, Kansas'** internal control.

We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 08-1, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **City of Oakley, Kansas'** internal control.

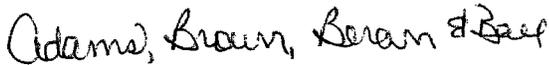
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, we consider item 08-1 to be a material weakness.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether **City of Oakley, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

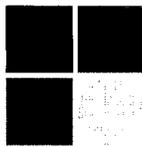
We also noted certain other matters that we have reported to management of **City of Oakley, Kansas**, in a separate letter dated August 3, 2009.

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



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

August 3, 2009



Certified  
Public  
Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council  
**City of Oakley, Kansas**  
Oakley, Kansas 67748

**Compliance**

We have audited the compliance of **City of Oakley, Kansas** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2008. **City of Oakley, Kansas'** major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of **City of Oakley, Kansas'** management. Our responsibility is to express an opinion on **City of Oakley, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the 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, the audit guide 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 the 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. Our audit does not provide a legal determination on **City of Oakley, Kansas'** compliance with those requirements.

In our opinion, **City of Oakley, Kansas** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

**Internal Control Over Compliance**

The management of **City of Oakley, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **City of Oakley, Kansas'** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

**Internal Control Over Compliance (Continued)**

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the management of **City of Oakley, Kansas**, federal awarding agencies, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.

*Adams, Brown, Beran & Ball*

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

August 3, 2009

**CITY OF OAKELY, KANSAS**  
Oakley, Kansas

Supplemental Information

For the Year Ended December 31, 2008

**CITY OF OAKLEY, KANSAS**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2008

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**A. Summary of Auditors' Results -**

1. The auditors' report expresses an unqualified opinion on the financial statements of **City of Oakley, Kansas**.
2. One significant deficiency and material weakness relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of **City of Oakley, Kansas**, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for **City of Oakley, Kansas**, expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program was the Airport Improvement Program, CFDA #20.106.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **City of Oakley, Kansas**, does not qualify as a low risk auditee.

**B. Findings - Financial Statement Audit -**

*Significant Deficiency and Material Weakness*

08-1 Segregation of Duties

Statement of Condition - The City did not have adequate segregation of duties.

Criteria - Internal controls should be in place to insure that employees do not have incompatible duties.

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

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

Recommendation - None - The size of the City precludes management from hiring additional personnel. It would be unfeasible for the City to have adequate segregation of duties.

**CITY OF OAKLEY, KANSAS**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2008

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**B. Findings - Financial Statement Audit - (Continued)**

*Significant Deficiencies and Material Weaknesses (Continued)*

08 -1 Segregation of Duties (Continued)

Response - The City is aware that employees have incompatible duties, however, due to our size, it would not be feasible to hire additional personnel.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit -**

None

**CITY OF OAKLEY, KANSAS**  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2008

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No Prior Year Audit Findings for the year ended December 31, 2007.

**CITY OF OAKLEY, KANSAS**  
 Schedule of Expenditures of Federal Awards - Statutory Basis  
 For the Year Ended December 31, 2008

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures    |
|--|---------------------------|-------------------------------------|----------------------------|
| <b><u>U.S. Department of Transportation</u></b>            |                           |                                     |                            |
| Direct Funding:  |                           |                                     |                            |
| Airport Improvement Program                                | 20.106                    | 3-20-0060-08                        | \$ 33,613                  |
| Airport Improvement Program                                | 20.106                    | 3-20-0060-07                        | <u>1,899,960</u>           |
| <b>Total</b>   |                           |                                     | <b>\$ <u>1,933,573</u></b> |

**CITY OF OAKLEY, KANSAS**  
Notes to Schedule of Expenditures of Federal Awards – Statutory Basis  
For the Year Ended December 31, 2008

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**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 statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.