

**CITY OF FORT SCOTT,  
KANSAS**

**Financial Statements and  
Independent Auditors' Report  
with Federal Compliance Section  
and Supplemental Information  
For the Year Ended December 31, 2010**

# CITY OF FORT SCOTT, KANSAS

## TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS:	
Independent Auditors' Report .....	1 - 2
Statement 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash .....	3 - 5
Statement 2	
Summary of Expenditures - Actual and Budget .....	6
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund .....	7 - 10
Special Streets and Highways .....	11
Library .....	12
Promotion of Industry .....	13
Equipment Reserve .....	14
Library Employee Benefits .....	15
Special Parks and Recreation .....	16
Police and Fire Equipment .....	17
Special Alcohol and Drug .....	18
E911 Telephone Tax .....	19
Cellphone 911 .....	20
Capital Improvements .....	21
Tourism and Convention Promotion .....	22
Sewer Rate Stabilization Sales Tax .....	23
General Bond and Interest .....	24
Water Utility .....	25 - 26
Sewage Utility .....	27
Storm Drain Utility .....	28
Sewer Bond Reserve .....	29
Municipal Court .....	30
Fire Insurance Proceeds .....	31
20 <sup>th</sup> Century Veterans Memorial .....	32
Medical Reimbursement .....	33
Sales Tax .....	34
Community Improvement District .....	35
Restricted Donations .....	36
Main Street FEMA Project Grant .....	37
Police ARRA Grant .....	38
2010 911 Grant .....	39
CDBG Housing Grant .....	40
BJA Bulletproof Vests Grant .....	41
Street and Sidewalks Project .....	42

# CITY OF FORT SCOTT, KANSAS

## TABLE OF CONTENTS (Continued)

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS - (Continued)	
Statement 3 - (Continued)	
Statement of Cash Receipts and Expenditures - Actual and Budget - (Continued)	
Horton FEMA Project .....	43
YAT Ellis Park Project .....	44
Phoenix Project .....	45
GNAT Project .....	46
Brick Street and Sidewalk Grant .....	47
Klink Wall Street Project .....	48
Special Law Enforcement Trust .....	49
Fire Fitness Grant .....	50
Seventh and National Storm Drain Project .....	51
Safe Grant .....	52
Skate for Scholars .....	53
Buck Run Community Center YMCA .....	54
Airport Improvements .....	55
City Hall Temporary Notes .....	56
Urgent Need Flood Grant .....	57
Runway Rehab Grant .....	58
FAA Projects Grant .....	59
CDBG Revolving Loan .....	60
Statement 4	
Statement of Cash Receipts and Expenditures - Actual	
Fort Scott Public Library - General Fund .....	61
Notes to the Financial Statements .....	62 – 74
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards .....	75
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	76 - 77
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	78 - 79
Schedule of Findings and Questioned Costs .....	80
Summary Schedule of Prior Audit Findings .....	81

# Diehl Banwart Bolton

Certified Public Accountants PA

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Commission  
City of Fort Scott, Kansas

We have audited the accompanying statutory basis financial statements of the City of Fort Scott, Kansas, as of and for the year ended December 31, 2010 as listed in the Table of Contents. These financial statements are the responsibility of the City of Fort Scott, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year 2009 comparative information has been derived from the City's 2009 financial statements and, in our report dated May 3, 2010 we expressed unqualified opinion on the primary government financial statements prepared in accordance with the statutory basis of accounting.

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 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 opinion.

As described in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The financial statements do not include financial data for one of the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for this component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect of this departure from accounting principles generally accepted in the United States of America has not been determined.

In our opinion, because of the omission of a component unit as referred to in Note 1 and because of the City's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Fort Scott, Kansas, as of December 31, 2010, or the changes in financial position and, where applicable, its cash flows for the year then ended. Further, the City of Fort Scott, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effect on the financial statements of the omission of a component unit as described in the fourth paragraph, the statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the City of Fort Scott, Kansas, as of December 31, 2010, and its cash receipts and expenditures, and budgetary comparisons 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 April 25, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statutory basis financial statements taken as a whole. 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 Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Diehl, Banwart, Bolton*

DIEHL, BANWART, BOLTON, CPAs PA

April 25, 2011  
Fort Scott, Kansas

**CITY OF FORT SCOTT, KANSAS**  
**Summary of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended December 31, 2010**

Funds	Beginning Unencumbered Cash Balances	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus		Cash Balances December 31,
						Encumbrances and Accounts Payable	2010	
General Fund	\$564,709.57	\$58,315.52	\$5,245,565.82	\$5,070,636.40	\$797,954.51	\$131,411.79	\$929,366.30	\$697,472.06
Special Revenue Funds:								
Special Streets and Highways	295,907.59	5,319.00	323,476.51	165,004.74	459,698.36	8,100.00	467,798.36	318,557.64
Library	-	-	234,872.44	234,872.44	-	-	-	-
Promotion of Industry	313,297.02	250.00	163,272.20	106,632.04	370,187.18	-	370,187.18	313,554.02
Equipment Reserve	121,330.33	-	75,919.95	87,736.44	109,513.84	3,103.44	112,617.28	126,011.33
Library Employee Benefits	-	-	29,832.96	29,832.96	-	-	-	-
Special Parks and Recreation	67,003.25	-	15,068.53	41,830.15	40,241.63	40,000.00	80,241.63	67,842.97
Police and Fire Equipment	185,148.10	-	43,311.81	68,176.11	160,283.80	3,995.00	164,278.80	185,148.10
Special Alcohol and Drug	10,684.04	-	15,068.53	10,200.00	15,552.57	-	15,552.57	10,684.04
E911 Telephone Tax	104,985.68	103.00	49,461.82	54,369.48	100,181.02	-	100,181.02	106,347.56
Cellphone 911	76,466.48	-	26,037.18	28,136.81	74,366.85	-	74,366.85	76,466.48
Capital Improvements	83,388.45	-	65,000.00	45,666.75	102,721.70	29,767.80	132,489.50	83,388.45
Tourism & Convention Promo	30,449.49	-	57,229.47	67,117.00	20,561.96	-	20,561.96	58,524.49
Sewer Rate Stabilization Sales	1,020,628.52	-	675,957.22	836,755.09	859,830.65	196,095.60	1,055,926.25	1,020,628.52
Debt Service Fund								
General Bond and Interest	157,014.20	-	136,864.50	160,104.00	133,774.70	-	133,774.70	157,014.20
Enterprise Funds:								
Water Utility	602,359.12	54,929.55	2,435,757.12	2,486,575.69	606,470.10	298,624.77	905,094.87	823,781.77
Sewage Utility	647,125.92	5,801.92	978,504.13	1,063,828.49	567,603.48	71,504.32	639,107.80	681,010.10
Storm Drain Utility	945,142.81	-	280,782.29	553,351.46	672,573.64	28,745.32	701,318.96	945,142.81
Sewer Bond Reserve	178,950.00	-	31,044.00	-	209,994.00	-	209,994.00	178,950.00
Expendable Trust Funds:								
Municipal Court	-	-	18,502.50	18,502.50	-	1,117.50	1,117.50	1,932.50
Fire Insurance Proceeds	4,650.00	-	37,137.00	30,987.00	10,800.00	-	10,800.00	4,650.00
20th Century Vet Memorial	13,643.16	-	-	-	13,643.16	-	13,643.16	13,643.16
Medical Reimbursement	(999.87)	-	4,506.78	3,372.39	134.52	-	134.52	(999.87)
Sales Tax	-	-	17,881.28	17,881.28	-	906.02	906.02	554.22
Community Improvement Distric	-	-	801.27	-	801.27	-	801.27	-
Restricted Donations	27,920.68	-	69,457.00	87,054.38	10,323.30	-	10,323.30	27,920.68
Main Street FEMA Project Grant	-	-	36,783.78	242,941.44	(206,157.66)	3,372.70	(202,784.96)	-

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

## Statement 1 (Continued)

**CITY OF FORT SCOTT, KANSAS**  
**Summary of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended December 31, 2010**

Funds	Beginning Unencumbered Cash Balances	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances December 31,	
							2010	2009
Expendable Trust Funds: (Continued)								
Police ARRA Grant	(\$2,372.50)	-	\$9,383.49	\$17,547.90	(\$10,536.91)	-	(\$10,536.91)	(\$2,372.50)
2010 911 Grant	-	-	-	50,709.10	(50,709.10)	50,709.10	(0.00)	-
CDBG Housing Grant	-	-	-	84.53	(84.53)	-	(84.53)	-
BJA Bulletproof Vests Grant	(1,356.49)	-	1,356.49	-	-	-	-	(1,356.49)
Street and Sidewalks Project	-	-	686,198.48	686,198.48	-	-	-	-
Horton FEMA Project	-	-	25,306.58	285,346.04	(260,039.46)	116,635.45	(143,404.01)	-
YAT Ellis Park Project	98,009.51	-	97,948.82	114,498.22	81,460.11	-	81,460.11	100,282.47
Phoenix Project	25,396.49	750.00	-	700.00	25,446.49	700.00	26,146.49	26,846.49
GNAT Project	-	-	26,105.11	21,113.95	4,991.16	-	4,991.16	-
Brick Street & Sidewalk Grant	(130,152.25)	-	77,955.20	126,081.55	(178,278.60)	-	(178,278.60)	(91,120.26)
Klink Wall Street Project	(477,762.50)	49,264.43	88,571.50	10,300.00	(350,226.57)	-	(350,226.57)	(92,247.61)
Special Law Enforcement Trust	21,212.83	-	2,935.65	931.00	23,217.48	-	23,217.48	21,302.43
Fire Fitness Grant	(8,990.00)	-	8,990.00	-	-	-	-	(4,607.00)
Seventh & National Storm Drain	-	-	609,506.28	353,962.70	255,543.58	228,759.76	484,303.34	-
Safe Grant	-	-	1,000.00	150.00	850.00	-	850.00	-
Skate for Scholars	340.00	-	17,943.04	890.20	17,392.84	-	17,392.84	340.00
Buck Run Com Center YMCA	60,938.77	-	451.34	-	61,390.11	-	61,390.11	60,938.77
Airport Improvements	(16,151.34)	3,299.64	12,851.70	-	0.00	-	(0.00)	(10,160.88)
City Hall Temporary Notes	-	-	150,036.88	150,036.88	-	-	-	-
Urgent Need Flood Grant	-	-	-	14,000.00	(14,000.00)	14,000.00	-	-
Runway Rehab Grant	(38,987.53)	4,875.00	38,887.16	6,914.45	(2,139.82)	2,139.82	0.00	(1,995.00)
FAA Projects Grant	-	-	88,249.59	577,770.65	(489,521.06)	83,335.06	(406,186.00)	-
Nonexpendable Trust Fund:								
CDBG Revolving Loan	214,814.83	-	29,772.42	-	244,587.25	-	244,587.25	214,814.83
Total Primary Government	5,194,744.36	182,908.06	13,041,545.82	13,928,800.69	4,490,397.55	1,313,023.45	5,803,421.00	6,118,890.48

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

**CITY OF FORT SCOTT, KANSAS**  
**Summary of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended December 31, 2010**

Funds	Beginning Unencumbered Cash Balances	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances	
							December 31, 2010	2009
Component Units								
Fort Scott Public Library								
General Fund	518,747.24	-	319,706.50	247,262.39	591,191.35	-	591,191.35	5518,747.24
Total Reporting Entity	<u>\$5,713,491.60</u>	<u>\$182,908.06</u>	<u>\$13,361,252.32</u>	<u>\$14,176,063.08</u>	<u>\$5,081,588.90</u>	<u>\$1,313,023.45</u>	<u>\$6,394,612.35</u>	<u>\$6,637,637.72</u>
Composition of Cash								
Primary Government								
General Checking Accounts							\$3,698,467.05	\$4,016,013.89
Investments								
State of Kansas Municipal Investment Pool								
Certificates of Deposit							2,043,905.75	2,042,279.73
Total Primary Government							61,048.20	60,596.86
Component Units							5,803,421.00	6,118,890.48
Fort Scott Public Library								
Cash in Bank Accounts							591,191.35	518,747.24
Total Reporting Entity							<u>\$6,394,612.35</u>	<u>\$6,637,637.72</u>

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



**CITY OF FORT SCOTT, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures	
				Charged to Current Year Budget	Variance - Favorable (Unfavorable)
General Fund	\$5,456,022.00	\$73,103.89	\$5,529,125.89	\$5,070,636.40	\$458,489.49
Special Revenue Funds:					
Special Streets and Highways	399,255.00	-	399,255.00	165,004.74	234,250.26
Library	242,177.00	-	242,177.00	234,872.44	7,304.56
Promotion of Industry	334,200.00	-	334,200.00	106,632.04	227,567.96
Library Employee Benefits	30,941.00	-	30,941.00	29,832.96	1,108.04
Special Parks and Recreation	50,000.00	-	50,000.00	41,830.15	8,169.85
Police and Fire Equipment	180,709.00	-	180,709.00	68,176.11	112,532.89
Special Alcohol and Drug	11,400.00	-	11,400.00	10,200.00	1,200.00
Sewer Bond Reserve	-	-	-	-	-
E911 Telephone Tax	141,303.00	-	141,303.00	54,369.48	86,933.52
Cellphone 911	64,354.00	-	64,354.00	28,136.81	36,217.19
Tourism and Convention Promotion	84,742.00	-	84,742.00	67,117.00	17,625.00
Sewer Rate Stabilization Sales	886,905.00	-	886,905.00	836,755.09	50,149.91
Debt Service Fund:					
General Bond and Interest	160,104.00	-	160,104.00	160,104.00	-
Enterprise Funds:					
Water Utility	2,550,801.00	-	2,550,801.00	2,486,575.69	64,225.31
Sewage Utility	1,184,141.00	-	1,184,141.00	1,063,828.49	120,312.51
Storm Drain Utility	587,490.00	-	587,490.00	553,351.46	34,138.54
	<u>\$12,364,544.00</u>				

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

## CITY OF FORT SCOTT, KANSAS

## GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$1,640,641.10	\$1,801,228.39	\$1,917,699.00	(\$116,470.61)
Delinquent	54,657.85	59,321.04	20,000.00	39,321.04
Motor vehicle	185,256.30	182,483.85	200,675.00	(18,191.15)
Sales tax	1,260,027.99	1,209,953.99	1,250,000.00	(40,046.01)
Compensating use tax	114,095.68	117,099.93	110,000.00	7,099.93
Intergovernmental				
State special alcohol tax	13,839.87	15,068.52	11,400.00	3,668.52
State drug control grant	2,250.00	-	-	-
Federal Emergency preparedness	58,363.44	50,775.75	-	50,775.75
State Emergency preparedness	7,781.79	6,770.10	-	6,770.10
KDOT Grant-State	-	2,271.00	-	2,271.00
KDOT STEP Grant-Federal	1,851.76	2,235.45	-	2,235.45
Licenses and Permits				
Utility franchise taxes	765,700.97	771,275.73	730,000.00	41,275.73
Licenses and permits	12,100.00	11,123.00	20,000.00	(8,877.00)
Other fees	4,899.03	3,745.50	5,000.00	(1,254.50)
Fines, Forfeitures and Penalties				
Municipal court fines	105,371.12	80,731.92	110,000.00	(29,268.08)
Use of Money and Property				
Interest earned	7,773.79	4,913.13	50,000.00	(45,086.87)
Swimming pool receipts	17,889.65	16,756.76	13,000.00	3,756.76
Memorial Hall receipts	4,929.29	1,785.00	4,500.00	(2,715.00)
Gunn Park receipts	2,369.00	1,954.00	1,000.00	954.00
Buck Run Com Center receipts	23,947.20	24,803.13	24,000.00	803.13
Lease income	5,200.00	8,248.75	5,100.00	3,148.75
Sales of property	-	143,688.75	-	143,688.75
Other Income				
Payments in lieu of taxes	34,333.04	34,704.64	34,000.00	704.64
Special assessments	6,248.59	4,719.69	3,500.00	1,219.69
Airport revenue	128,629.83	148,897.41	200,000.00	(51,102.59)
Miscellaneous	11,743.36	11,359.95	-	11,359.95
Dispatching services	80,000.00	82,500.00	70,000.00	12,500.00
Reimbursed Expenses	120,487.13	57,051.59	46,000.00	11,051.59
Shelter House Rental	3,328.00	3,110.00	-	3,110.00
Mercy Hospital participation	23,550.00	24,975.00	-	24,975.00
Neighborhood revitalization rebates	-	32,013.85	50,000.00	(17,986.15)
Operating Transfer from Other Funds				
Water Utility	140,000.00	115,000.00	115,000.00	-
Sewage Utility	160,000.00	215,000.00	215,000.00	-
Total Cash Receipts	4,997,265.78	5,245,565.82	\$5,205,874.00	\$39,691.82

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

**CITY OF FORT SCOTT, KANSAS  
GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Expenditures				
Code Enforcement				
Personal services	\$85,067.23	\$90,986.62	\$79,800.00	(\$11,186.62)
Contractual services	34,930.32	59,107.93	84,384.00	25,276.07
Commodities	2,707.11	2,764.33	5,620.00	2,855.67
Capital outlay	-	-	-	-
General Government				
Personal services	314,305.73	314,080.20	274,524.00	(39,556.20)
Contractual services	280,068.18	248,965.33	280,085.00	31,119.67
Commodities	33,098.68	35,028.45	20,800.00	(14,228.45)
Capital outlay	7,543.00	29,049.40	2,500.00	(26,549.40)
Trolley Department				
Personal services	6,804.57	7,167.36	12,000.00	4,832.64
Contractual services	2,087.20	1,679.11	-	(1,679.11)
Commodities	2,182.66	3,151.92	3,000.00	(151.92)
Capital outlay	-	-	-	-
Street Department				
Personal services	452,366.14	391,412.97	400,192.00	8,779.03
Contractual services	120,189.98	92,479.20	89,100.00	(3,379.20)
Commodities	104,272.04	88,052.57	148,960.00	60,907.43
Capital outlay	6,623.81	699.99	1,000.00	300.01
Economic Development				
Personal services	61,462.31	73,984.82	62,482.00	(11,502.82)
Contractual services	53,232.67	49,746.38	60,238.00	10,491.62
Commodities	2,833.66	2,363.72	3,280.00	916.28
Capital outlay	-	1,325.94	-	(1,325.94)
Airport Department				
Personal services	59,257.61	74,890.49	75,313.00	422.51
Contractual services	40,979.93	41,921.19	39,600.00	(2,321.19)
Commodities	102,985.62	150,286.25	261,286.00	110,999.75
Capital outlay	2,585.40	59.99	-	(59.99)
Park Department				
Personal services	181,380.11	158,822.43	232,306.00	73,483.57
Contractual services	42,305.59	47,446.01	31,700.00	(15,746.01)
Commodities	39,779.40	44,744.42	30,590.00	(14,154.42)
Capital outlay	1,909.50	91,824.17	-	(91,824.17)

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

**CITY OF FORT SCOTT, KANSAS**  
**GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Expenditures				
Swimming Pool Department				
Personal services	\$56,218.18	\$56,236.34	\$58,852.00	\$2,615.66
Contractual services	9,242.61	10,501.20	9,970.00	(531.20)
Commodities	16,205.51	21,262.48	10,780.00	(10,482.48)
Capital outlay	-	5,106.88	-	(5,106.88)
Buck Run Community Center				
Personal services	33,235.47	34,591.09	45,441.00	10,849.91
Contractual services	93,567.53	100,848.40	105,990.00	5,141.60
Commodities	8,111.40	14,194.80	12,819.00	(1,375.80)
Capital outlay	3,574.16	4,212.72	-	(4,212.72)
Grand Memorial Theater				
Personal services	-	192.13	-	(192.13)
Contractual services	5.39	-	-	-
Commodities	-	-	-	-
Capital outlay	-	-	-	-
Animal Control				
Personal services	31,415.75	34,335.24	33,740.00	(595.24)
Contractual services	8,842.35	7,842.53	5,400.00	(2,442.53)
Commodities	1,757.68	1,401.28	6,440.00	5,038.72
Capital outlay	-	-	-	-
Police Department				
Personal services	1,020,741.43	990,600.02	1,151,950.00	161,349.98
Contractual services	87,955.84	87,440.19	99,700.00	12,259.81
Commodities	65,357.00	72,267.77	75,110.00	2,842.23
Capital outlay	2,361.90	2,877.67	3,000.00	122.33
Fire Department				
Personal services	656,260.99	673,776.45	750,068.00	76,291.55
Contractual services	69,411.10	63,576.94	89,232.00	25,655.06
Commodities	44,240.04	45,961.53	35,700.00	(10,261.53)
Capital outlay	804.99	1,411.96	-	(1,411.96)
Dispatch Center				
Personal services	270,305.63	294,686.13	291,670.00	(3,016.13)
Contractual services	17,691.66	7,820.02	5,800.00	(2,020.02)
Commodities	1,714.19	422.92	2,500.00	2,077.08
Capital outlay	559.92	763.02	-	(763.02)
General Utilities				

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

**CITY OF FORT SCOTT, KANSAS  
GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Expenditures				
Legislative				
Personal services	\$78.00	\$78.00	-	(\$78.00)
Contractual services	16,352.30	11,092.85	-	(11,092.85)
Commodities	3,798.80	125.00	13,100.00	12,975.00
Neighborhood Revitalization			-	
Contractual services	59,157.03	33,559.53	65,000.00	31,440.47
Debt Service				
Bonds				
Interest	-	2.82	-	(2.82)
Temporary Note				
Principal	85,000.00	85,000.00	85,000.00	-
Interest	6,800.00	3,400.00	3,400.00	-
Revolving. Loan				
Principal	39,124.39	29,440.55	30,481.00	1,040.45
Interest	7,004.87	16,998.30	16,119.00	(879.30)
Other	470.73	-	-	-
Operating Transfers to Other Funds				
Equipment Reserve	55,942.00	65,000.00	65,000.00	-
KDOT Grant	1,523.75	24,723.59	-	(24,723.59)
Special Streets and Highways	102,471.00	100,000.00	100,000.00	-
Capital Improvements	94,500.00	65,000.00	65,000.00	-
Fire Station Grant	-	-	-	-
Fire Act Grant	1,220.00	-	-	-
Fire Fitness Grant	1,227.00	-	-	-
Runway Rehab Grant	30,325.80	1,844.16	20,000.00	18,155.84
FAA Projects Grant	1,667.84	0.70	-	(0.70)
Subtotal			5,456,022.00	
Adjustments for Qualifying				
Budget Credits				
Grants	-	-	62,052.30	62,052.30
Reimbursements in excess of budget	-	-	11,051.59	11,051.59
Total Expenditures	5,047,202.68	5,070,636.40	5,529,125.89	\$458,489.49
Receipts Over (Under) Expenditures	(49,936.90)	174,929.42		
Prior Year Canceled Encumbrances	37,381.88	58,315.52		
Unencumbered Cash, Beginning	577,264.59	564,709.57		
Unencumbered Cash, Ending	\$564,709.57	\$797,954.51		

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

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL STREETS AND HIGHWAYS FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
<b>Cash Receipts</b>				
Intergovernmental				
State gasoline tax	\$199,987.25	\$213,232.47	\$229,490.00	(\$16,257.53)
State connecting links	7,398.89	7,403.99	7,400.00	3.99
Other Receipts				
Reimbursed expenses	-	2,840.05	-	2,840.05
Operating Transfer from Other Funds				
General	102,471.00	100,000.00	100,000.00	-
<b>Total Cash Receipts</b>	<b>309,857.14</b>	<b>323,476.51</b>	<b>\$336,890.00</b>	<b>(\$13,413.49)</b>
<b>Expenditures</b>				
Public Streets				
Personal services	-	-	-	-
Contractual services	153,755.30	15,888.72	160,000.00	144,111.28
Commodities	32,860.59	26,639.30	58,000.00	31,360.70
Capital outlay	53,609.91	92,870.66	96,315.00	3,444.34
Debt Service on Revolving Loan				
Principal	26,596.41	-	43,438.00	43,438.00
Interest	1,029.30	-	11,895.00	11,895.00
Debt Service on Lease Purchase				
Principal	25,549.08	26,956.54	26,957.00	0.46
Interest	4,056.98	2,649.52	2,650.00	0.48
<b>Total Expenditures</b>	<b>297,457.57</b>	<b>165,004.74</b>	<b>\$399,255.00</b>	<b>\$234,250.26</b>
Receipts Over (Under) Expenditures	12,399.57	158,471.77		
Prior Year Encumbrances Canceled	109,302.56	5,319.00		
Unencumbered Cash, Beginning	174,205.46	295,907.59		
Unencumbered Cash, Ending	<u>\$295,907.59</u>	<u>\$459,698.36</u>		

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

## CITY OF FORT SCOTT, KANSAS

## LIBRARY FUND

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$198,674.43	\$204,397.02	\$217,677.00	(\$13,279.98)
Delinquent	7,272.30	7,490.57	-	7,490.57
Motor vehicle tax	24,941.27	22,984.85	24,500.00	(1,515.15)
Total Cash Receipts	230,888.00	234,872.44	242,177.00	(\$7,304.56)
Expenditures				
Recreation				
Appropriation to Library Board	230,888.00	234,872.44	\$242,177.00	\$7,304.56
Total Expenditures	230,888.00	234,872.44	\$242,177.00	\$7,304.56
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	-	-		

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

**CITY OF FORT SCOTT, KANSAS**  
**PROMOTION OF INDUSTRY FUND**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$22,670.79	\$21,869.21	\$23,272.00	(\$1,402.79)
Delinquent	787.28	836.76	-	836.76
Motor vehicle tax	2,734.13	2,566.23	2,767.00	(200.77)
Other Receipts				
Miscellaneous	6,243.00	-	-	-
Lease Income	126,500.00	138,000.00	138,000.00	-
Total Cash Receipts	<u>158,935.20</u>	<u>163,272.20</u>	<u>\$164,039.00</u>	<u>(\$766.80)</u>
Expenditures				
Economic Development				
Contractual services	84,275.06	70,821.36	\$65,000.00	(\$5,821.36)
Commodities	11,555.60	35,085.00	55,000.00	19,915.00
Capital outlay	-	725.68	214,200.00	213,474.32
Total Expenditures	<u>95,830.66</u>	<u>106,632.04</u>	<u>\$334,200.00</u>	<u>\$227,567.96</u>
Receipts Over (Under) Expenditures	63,104.54	56,640.16		
Prior Year Encumbrances Canceled	2,350.00	250.00		
Unencumbered Cash, Beginning	<u>247,842.48</u>	<u>313,297.02</u>		
Unencumbered Cash, Ending	<u>\$313,297.02</u>	<u>\$370,187.18</u>		

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



**CITY OF FORT SCOTT, KANSAS**  
**EQUIPMENT RESERVE FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Other Receipts		
Reimbursed Expenses	\$10,065.50	\$10,919.95
Operating Transfer from Other Funds		
General	55,942.00	65,000.00
Total Cash Receipts	<u>66,007.50</u>	<u>75,919.95</u>
Expenditures		
General Government		
Capital outlay	25,460.75	87,736.44
Total Expenditures	<u>25,460.75</u>	<u>87,736.44</u>
Receipts Over (Under) Expenditures	40,546.75	(11,816.49)
Unencumbered Cash, Beginning	<u>80,783.58</u>	<u>121,330.33</u>
Unencumbered Cash, Ending	<u>\$121,330.33</u>	<u>\$109,513.84</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**LIBRARY EMPLOYEE BENEFITS FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$23,967.21	\$26,296.03	\$27,990.00	(\$1,693.97)
Delinquent	752.38	859.44	-	859.44
Motor vehicle tax	2,769.67	2,677.49	2,951.00	(273.51)
Total Cash Receipts	<u>27,489.26</u>	<u>29,832.96</u>	<u>\$30,941.00</u>	<u>(\$1,108.04)</u>
Expenditures				
Recreation				
Appropriation to Library Board	27,489.26	29,832.96	\$30,941.00	\$1,108.04
Total Expenditures	<u>27,489.26</u>	<u>29,832.96</u>	<u>\$30,941.00</u>	<u>\$1,108.04</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>-</u>	<u>-</u>		

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

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
State special alcohol tax	\$13,839.88	\$15,068.53	\$11,400.00	\$3,668.53
Other Receipts				
Miscellaneous	4,004.50	-	-	-
Total Cash Receipts	17,844.38	15,068.53	\$11,400.00	\$3,668.53
Expenditures				
Recreation				
Contractual services	543.00	-	\$50,000.00	\$50,000.00
Commodities	965.16	-	-	-
Capital outlay	4,663.50	41,830.15	-	(41,830.15)
Total Expenditures	6,171.66	41,830.15	\$50,000.00	\$8,169.85
Receipts Over (Under) Expenditures	11,672.72	(26,761.62)		
Unencumbered Cash, Beginning	55,330.53	67,003.25		
Unencumbered Cash, Ending	\$67,003.25	\$40,241.63		

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

**CITY OF FORT SCOTT, KANSAS**  
**POLICE AND FIRE EQUIPMENT FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$90,870.30	\$29,814.06	\$31,848.00	(\$2,033.94)
Delinquent	3,165.78	3,331.87	-	3,331.87
Motor vehicle tax	10,842.46	10,165.88	11,064.00	(898.12)
Other Receipts				
Reimbursed Expenses	829.50	-	-	-
Total Cash Receipts	105,708.04	43,311.81	\$42,912.00	\$399.81
Expenditures				
Public Safety				
Capital outlay	57,137.87	40,892.97	\$153,425.00	\$112,532.03
Debt Service on Lease Purchase				
Principal	24,864.87	26,045.99	26,046.00	0.01
Interest	2,418.27	1,237.15	1,238.00	0.85
Total Expenditures	84,421.01	68,176.11	\$180,709.00	\$112,532.89
Receipts Over (Under) Expenditures	21,287.03	(24,864.30)		
Prior Year Encumbrances Canceled	431.05	-		
Unencumbered Cash, Beginning	163,430.02	185,148.10		
Unencumbered Cash, Ending	\$185,148.10	\$160,283.80		

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

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL ALCOHOL AND DRUG FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
State special alcohol tax	\$13,839.90	\$15,068.53	\$11,400.00	\$3,668.53
Total Cash Receipts	13,839.90	15,068.53	\$11,400.00	\$3,668.53
Expenditures				
Public Safety				
Contractual services	17,517.00	10,200.00	\$11,400.00	\$1,200.00
Total Expenditures	17,517.00	10,200.00	\$11,400.00	\$1,200.00
Receipts Over (Under) Expenditures	(3,677.10)	4,868.53		
Unencumbered Cash, Beginning	14,361.14	10,684.04		
Unencumbered Cash, Ending	\$10,684.04	\$15,552.57		

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

**CITY OF FORT SCOTT, KANSAS****E911 TELEPHONE TAX FUND**

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
Special telephone tax	\$50,703.53	\$49,461.82	\$55,000.00	(\$5,538.18)
Other Receipts				
Miscellaneous	974.44	-	-	-
Total Cash Receipts	51,677.97	49,461.82	\$55,000.00	(\$5,538.18)
Expenditures				
Public Safety				
Contractual services	52,088.91	48,892.51	\$75,000.00	\$26,107.49
Capital outlay	5,906.06	5,476.97	66,303.00	60,826.03
Total Expenditures	57,994.97	54,369.48	\$141,303.00	\$86,933.52
Receipts Over (Under) Expenditures	(6,317.00)	(4,907.66)		
Prior Year Encumbrances Canceled	-	103.00		
Unencumbered Cash, Beginning	111,302.68	104,985.68		
Unencumbered Cash, Ending	\$104,985.68	\$100,181.02		

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

**CITY OF FORT SCOTT, KANSAS**  
**CELLPHONE 911 FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
Special telephone tax	\$25,658.39	\$26,037.18	\$20,000.00	\$6,037.18
Other Receipts				
Miscellaneous	-	-	-	-
Total Cash Receipts	25,658.39	26,037.18	20,000.00	\$6,037.18
Expenditures				
Recreation				
Contractual services	8,545.58	11,705.88	\$64,354.00	\$52,648.12
Capital outlay	-	16,430.93	-	(16,430.93)
Total Expenditures	8,545.58	28,136.81	64,354.00	\$36,217.19
Receipts Over (Under) Expenditures	17,112.81	(2,099.63)		
Unencumbered Cash, Beginning	59,353.67	76,466.48		
Unencumbered Cash, Ending	76,466.48	74,366.85		

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

**CITY OF FORT SCOTT, KANSAS**  
**CAPITAL IMPROVEMENTS FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Operating Transfers from Other Funds		
General	\$94,500.00	\$65,000.00
Total Cash Receipts	<u>94,500.00</u>	<u>65,000.00</u>
Expenditures		
Capital Improvements		
Capital Outlay	21,246.55	45,666.75
Total Expenditures	<u>21,246.55</u>	<u>45,666.75</u>
Receipts Over (Under) Expenditures	73,253.45	19,333.25
Unencumbered Cash, Beginning	<u>10,135.00</u>	<u>83,388.45</u>
Unencumbered Cash, Ending	<u>\$83,388.45</u>	<u>\$102,721.70</u>

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



**CITY OF FORT SCOTT, KANSAS**  
**TOURISM AND CONVENTION PROMOTION FUND**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
State guest tax	\$50,707.75	\$48,759.33	\$65,000.00	(\$16,240.67)
Other Receipts				
Miscellaneous	11,250.72	8,470.14	-	8,470.14
Total Cash Receipts	61,958.47	57,229.47	\$65,000.00	(\$7,770.53)
Expenditures				
Economic Development				
Contractual services	106,536.72	67,117.00	84,742.00	\$17,625.00
Capital outlay	-	-	-	-
Total Expenditures	106,536.72	67,117.00	\$84,742.00	\$17,625.00
Receipts Over (Under) Expenditures	(44,578.25)	(9,887.53)		
Prior Year Canceled Encumbrances	-	-		
Unencumbered Cash, Beginning	75,027.74	30,449.49		
Unencumbered Cash, Ending	\$30,449.49	\$20,561.96		

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

**CITY OF FORT SCOTT, KANSAS**  
**SEWER RATE STABILIZATION SALES TAX FUND**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Intergovernmental				
Sales tax	\$689,754.47	\$675,957.22	\$675,000.00	\$957.22
Total Cash Receipts	<u>689,754.47</u>	<u>675,957.22</u>	<u>\$675,000.00</u>	<u>\$957.22</u>
Expenditures				
Capital outlay	40,000.00	224,850.00	\$275,000.00	\$50,150.00
Debt Service on Revenue Bonds				
Principal	66,867.00	69,519.00	411,905.00	342,386.00
Interest	243,590.92	240,609.07	-	(240,609.07)
Debt Service on Revolving Loans				
Principal	175,430.07	266,618.62	200,000.00	(66,618.62)
Interest	126,346.95	35,158.40	-	(35,158.40)
Total Expenditures	<u>652,234.94</u>	<u>836,755.09</u>	<u>\$886,905.00</u>	<u>\$50,149.91</u>
Receipts Over (Under) Expenditures	37,519.53	(160,797.87)		
Prior Year Canceled Encumbrances	15,988.48	-		
Unencumbered Cash, Beginning	<u>967,120.51</u>	<u>1,020,628.52</u>		
Unencumbered Cash, Ending	<u>\$1,020,628.52</u>	<u>\$859,830.65</u>		

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

**CITY OF FORT SCOTT, KANSAS**  
**GENERAL BOND AND INTEREST FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Taxes				
Ad Valorem property tax	\$59,011.89	\$3,063.49	\$3,353.00	(\$289.51)
Motor vehicle	2,621.04	5,674.61	7,236.00	(1,561.39)
Special assessments	78,308.47	78,258.80	78,000.00	258.80
Delinquent	1,090.63	1,693.26	-	1,693.26
Operating Transfer from Other Funds				
Street & Sidewalk Project	84,626.87	48,174.34	-	48,174.34
Total Cash Receipts	<u>225,658.90</u>	<u>136,864.50</u>	<u>\$88,589.00</u>	<u>\$48,275.50</u>
Expenditures				
Debt Service on Bonds				
Principal	83,940.00	129,130.00	\$129,130.00	-
Interest	12,578.14	30,974.00	30,974.00	-
Other	2.50	-	-	-
Total Expenditures	<u>96,520.64</u>	<u>160,104.00</u>	<u>\$160,104.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	129,138.26	(23,239.50)		
Unencumbered Cash, Beginning	<u>27,875.94</u>	<u>157,014.20</u>		
Unencumbered Cash, Ending	<u>\$157,014.20</u>	<u>\$133,774.70</u>		

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

## CITY OF FORT SCOTT, KANSAS

## WATER UTILITY FUND

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Operating Revenue				
Charges for services	\$2,049,684.64	\$2,299,367.98	\$2,150,000.00	\$149,367.98
Other charges	69,724.46	82,539.40	55,000.00	27,539.40
Fishing, boating and camping fees	30,977.75	23,085.86	22,000.00	1,085.86
Lake lot leases	20,675.00	20,450.00	20,000.00	450.00
Nonoperating Revenue				
Reimbursed expenses	12,540.98	5,152.49	-	5,152.49
Miscellaneous	4,305.09	5,161.39	10,000.00	(4,838.61)
Total Cash Receipts	2,187,907.92	2,435,757.12	\$2,257,000.00	\$178,757.12
Expenditures and Transfers Subject to Budget				
Water Production				
Personal services	230,741.66	247,162.89	\$253,158.00	\$5,995.11
Contractual services	191,200.72	213,145.34	243,892.00	30,746.66
Commodities	257,723.04	301,603.19	229,250.00	(72,353.19)
Capital outlay	28,059.68	33,438.80	35,000.00	1,561.20
Water Distribution				
Personal services	251,489.63	255,427.07	292,644.00	37,216.93
Contractual services	57,538.89	62,086.21	69,900.00	7,813.79
Commodities	61,804.00	79,657.14	109,800.00	30,142.86
Capital outlay	68,232.49	266,831.77	233,606.00	(33,225.77)
Water Administration				
Personal services	176,254.66	151,845.20	224,635.00	72,789.80
Contractual services	264,257.86	143,861.85	59,365.00	(84,496.85)
Commodities	4,996.22	6,674.88	84,740.00	78,065.12
Capital outlay	4,486.91	19,912.80	-	(19,912.80)
Water Lake Maintenance				
Personal services	62,262.07	50,432.46	60,828.00	10,395.54
Contractual services	55,760.62	40,589.24	19,350.00	(21,239.24)
Commodities	18,372.45	11,848.94	31,300.00	19,451.06
Capital outlay	-	30,355.25	31,630.00	1,274.75
Debt Service on Revenue Bonds				
Principal	-	55,000.00	55,000.00	-
Interest	-	66,290.00	66,290.00	-
Other	-	-	-	-
Debt Service on Revolving Loans				
Principal	169,700.81	91,804.96	91,805.00	0.04
Interest	165,711.85	243,607.70	243,608.00	0.30
Other	-	-	-	-

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

**CITY OF FORT SCOTT, KANSAS  
WATER UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Expenditures				
Operating Transfers to Other Funds				
General	\$140,000.00	\$115,000.00	\$115,000.00	-
Water Tower Improvement	-	-	-	-
Total Expenditures	<u>2,208,593.56</u>	<u>2,486,575.69</u>	<u>\$2,550,801.00</u>	<u>\$64,225.31</u>
Receipts Over (Under) Expenditures	(20,685.64)	(50,818.57)		
Prior Year Canceled Encumbrances	1,483.71	54,929.55		
Unencumbered Cash, Beginning	<u>621,561.05</u>	<u>602,359.12</u>		
Unencumbered Cash, Ending	<u>\$602,359.12</u>	<u>\$606,470.10</u>		

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

**CITY OF FORT SCOTT, KANSAS**  
**SEWAGE UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Operating Revenue				
Charges for services	\$845,978.75	\$930,038.53	\$915,000.00	\$15,038.53
Nonoperating Revenue				
Reimbursed Expenses	10.20	490.32	-	490.32
Miscellaneous	83,848.00	47,975.28	-	47,975.28
Total Cash Receipts	929,836.95	978,504.13	\$915,000.00	\$63,504.13
Expenditures				
Wastewater Plant				
Personal services	282,134.75	266,761.99	\$334,505.00	\$67,743.01
Contractual services	249,415.95	296,425.59	247,025.00	(49,400.59)
Commodities	52,848.71	70,223.49	54,750.00	(15,473.49)
Capital outlay	6,392.18	1,598.37	29,851.00	28,252.63
Wastewater Collections				
Personal services	130,407.47	102,700.45	152,665.00	49,964.55
Contractual services	50,701.60	34,963.36	15,280.00	(19,683.36)
Commodities	24,078.98	21,954.50	25,000.00	3,045.50
Capital outlay	12,157.76	23,156.74	110,065.00	86,908.26
Operating Transfers to Other Funds				
General	160,000.00	215,000.00	215,000.00	-
Sewer Bond Reserve	178,950.00	31,044.00	-	(31,044.00)
Total Expenditures	1,147,087.40	1,063,828.49	\$1,184,141.00	\$120,312.51
Receipts Over (Under) Expenditures	(217,250.45)	(85,324.36)		
Prior Year Canceled Encumbrances	627.02	5,801.92		
Unencumbered Cash, Beginning	863,749.35	647,125.92		
Unencumbered Cash, Ending	\$647,125.92	\$567,603.48		

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

**CITY OF FORT SCOTT, KANSAS**  
**STORM DRAIN UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual	2010 Budget	Variance - Favorable (Unfavorable)
Cash Receipts				
Operating Revenue				
Charges for services	\$222,429.51	\$220,668.20	\$224,000.00	(\$3,331.80)
Nonoperating Revenue				
Federal Emergency preparedness	-	51,268.88	-	51,268.88
State Emergency preparedness	-	6,835.85	-	6,835.85
Miscellaneous	-	2,009.36	-	2,009.36
Total Cash Receipts	<u>222,429.51</u>	<u>280,782.29</u>	<u>\$224,000.00</u>	<u>\$56,782.29</u>
Expenditures				
Nonoperating Expenses				
Capital Outlays	-	103,771.10	\$200,000.00	\$96,228.90
Operating Transfers to Other Funds				
Main Street FEMA Project	-	36,783.78	-	(36,783.78)
Horton FEMA Project	-	25,306.58	-	(25,306.58)
Debt Service				
Principal	330,000.00	350,000.00	350,000.00	-
Interest	47,720.00	37,490.00	37,490.00	-
Other	-	-	-	-
Total Expenditures	<u>377,720.00</u>	<u>553,351.46</u>	<u>\$587,490.00</u>	<u>\$34,138.54</u>
Receipts Over (Under) Expenditures	(155,290.49)	(272,569.17)		
Unencumbered Cash, Beginning	<u>1,100,433.30</u>	<u>945,142.81</u>		
Unencumbered Cash, Ending	<u>\$945,142.81</u>	<u>\$672,573.64</u>		

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

**CITY OF FORT SCOTT, KANSAS**  
**SEWER BOND RESERVE**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Other receipts		
Application fees	-	-
Operating Transfer from Other Funds		
Sewer Utility Fund	<u>178,950.00</u>	<u>31,044.00</u>
Total Cash Receipts	<u>178,950.00</u>	<u>31,044.00</u>
Expenditures		
Economic Development		
Contractual services	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	178,950.00	31,044.00
Unencumbered Cash, Beginning	<u>-</u>	<u>178,950.00</u>
Unencumbered Cash, Ending	<u>\$178,950.00</u>	<u>\$209,994.00</u>

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



**CITY OF FORT SCOTT, KANSAS**  
**MUNICIPAL COURT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Fines, Forfeitures and Penalties		
Municipal court fines	<u>\$23,580.86</u>	<u>\$18,502.50</u>
Total Cash Receipts	<u>23,580.86</u>	<u>18,502.50</u>
Expenditures		
General Government		
Contractual services	<u>23,580.86</u>	<u>18,502.50</u>
Total Expenditures	<u>23,580.86</u>	<u>18,502.50</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**FIRE INSURANCE PROCEEDS FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Other Receipts		
Insurance proceeds	<u>\$25,537.50</u>	<u>\$37,137.00</u>
Total Cash Receipts	<u>25,537.50</u>	<u>37,137.00</u>
Expenditures		
Public Safety		
Contractual services	<u>20,887.50</u>	<u>30,987.00</u>
Total Expenditures	<u>20,887.50</u>	<u>30,987.00</u>
Receipts Over (Under) Expenditures	4,650.00	6,150.00
Unencumbered Cash, Beginning	<u>-</u>	<u>4,650.00</u>
Unencumbered Cash, Ending	<u><u>\$4,650.00</u></u>	<u><u>\$10,800.00</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**20TH CENTURY VETERANS MEMORIAL FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Other Receipts		
Donations	\$32.00	-
Total Cash Receipts	32.00	-
Expenditures		
Recreation		
Contractual services	185.00	-
Commodities	-	-
Total Expenditures	185.00	-
Receipts Over (Under) Expenditures	(153.00)	-
Unencumbered Cash, Beginning	13,796.16	13,643.16
Unencumbered Cash, Ending	<u>\$13,643.16</u>	<u>\$13,643.16</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**MEDICAL REIMBURSEMENT FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Other Receipts		
Miscellaneous	<u>\$7,021.73</u>	<u>\$4,506.78</u>
Total Cash Receipts	<u>7,021.73</u>	<u>4,506.78</u>
Expenditures		
Employee Benefits		
Contractual services	<u>8,021.60</u>	<u>3,372.39</u>
Total Expenditures	<u>8,021.60</u>	<u>3,372.39</u>
Receipts Over (Under) Expenditures	(999.87)	1,134.39
Unencumbered Cash, Beginning	<u>-</u>	<u>(999.87)</u>
Unencumbered Cash, Ending	<u>(\$999.87)</u>	<u>\$134.52</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**SALES TAX FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Sales tax	<u>\$23,990.73</u>	<u>\$17,881.28</u>
Total Cash Receipts	<u>23,990.73</u>	<u>17,881.28</u>
Expenditures		
General Government		
Contractual services	<u>23,990.73</u>	<u>17,881.28</u>
Total Expenditures	<u>23,990.73</u>	<u>17,881.28</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**COMMUNITY IMPROVEMENT DISTRICT FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Intergovernmental		
Sales tax	-	\$801.27
Total Cash Receipts	-	801.27
Expenditures		
General Government		
Contractual services	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	801.27
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	\$801.27

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

**CITY OF FORT SCOTT, KANSAS**  
**RESTRICTED DONATIONS FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Grants	\$16,202.50	-
Other Receipts		
Miscellaneous	<u>122,087.83</u>	<u>69,457.00</u>
Total Cash Receipts	<u>138,290.33</u>	<u>69,457.00</u>
Expenditures		
General Government		
Contractual services	89,983.42	5,350.00
Commodities	-	45.00
Capital outlay	<u>39,944.69</u>	<u>81,659.38</u>
Total Expenditures	<u>129,928.11</u>	<u>87,054.38</u>
Receipts Over (Under) Expenditures	8,362.22	(17,597.38)
Unencumbered Cash, Beginning	<u>19,558.46</u>	<u>27,920.68</u>
Unencumbered Cash, Ending	<u><u>\$27,920.68</u></u>	<u><u>\$10,323.30</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**MAIN STREET FEMA PROJECT GRANT**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Intergovernmental		
Federal Grant	-	-
Operating Transfers from Other Funds		
Storm Drain Utility	-	36,783.78
	<u>-</u>	<u>36,783.78</u>
Total Cash Receipts	-	36,783.78
Expenditures		
Public Safety		
Capital outlay	-	242,941.44
	<u>-</u>	<u>242,941.44</u>
Total Expenditures	-	242,941.44
Receipts Over (Under) Expenditures	-	(206,157.66)
Prior Year Canceled Encumbrances	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	<u>-</u>	<u>(\$206,157.66)</u>

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



**CITY OF FORT SCOTT, KANSAS**  
**POLICE ARRA GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal grant	-	\$9,383.49
Total Cash Receipts	-	9,383.49
Expenditures		
Public Safety		
Contractual	2,372.50	-
Capital outlay	-	17,547.90
Total Expenditures	2,372.50	17,547.90
Receipts Over (Under) Expenditures	(2,372.50)	(8,164.41)
Unencumbered Cash, Beginning	-	(2,372.50)
Unencumbered Cash, Ending	<u>(\$2,372.50)</u>	<u>(\$10,536.91)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**2010 911 GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
State 911 grant	-	-
Total Cash Receipts	-	-
Expenditures		
Public Safety		
Contractual	-	-
Capital outlay	-	50,709.10
Total Expenditures	-	50,709.10
Receipts Over (Under) Expenditures	-	(50,709.10)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	<u>(\$50,709.10)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**CDBG HOUSING GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal Grant	-	-
Operating Transfers from Other Funds		
General	1,220.00	-
Total Cash Receipts	<u>1,220.00</u>	<u>-</u>
Expenditures		
Public Safety		
Capital outlay	1,220.00	84.53
Total Expenditures	<u>1,220.00</u>	<u>84.53</u>
Receipts Over (Under) Expenditures	-	(84.53)
Prior Year Canceled Encumbrances	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>	<u>(\$84.53)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**BJA BULLETPROOF VESTS GRANT FUND**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
 With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Intergovernmental		
Federal Grant	-	\$1,356.49
Total Cash Receipts	-	1,356.49
Expenditures		
Public Safety		
Commodities	-	-
Capital outlay	1,041.49	-
Total Expenditures	1,041.49	-
Receipts Over (Under) Expenditures	(1,041.49)	1,356.49
Unencumbered Cash, Beginning	(315.00)	(1,356.49)
Unencumbered Cash, Ending	(\$1,356.49)	-

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

**CITY OF FORT SCOTT, KANSAS**  
**STREET AND SIDEWALKS PROJECT FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Proceeds from Long Term Debt		
Principal Received on Bonds	\$529,518.81	\$686,000.00
Accrued interest received	-	198.48
Total Cash Receipts	529,518.81	686,198.48
Expenditures		
Public Safety		
Personnel services	-	-
Contractual services	444,891.94	638,024.14
Operating Transfers to Other Funds		
General Bond & Interest	84,626.87	48,174.34
Total Expenditures	529,518.81	686,198.48
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

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

**CITY OF FORT SCOTT, KANSAS**  
**HORTON FEMA PROJECT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		-
Intergovernmental		
Federal Grant	\$6,319.48	-
Other Receipts		
Miscellaneous	-	25,306.58
Total Cash Receipts	<u>6,319.48</u>	<u>25,306.58</u>
Expenditures		
Economic Development		
Contractual	3,498.20	167,246.89
Capital outlay	-	118,099.15
Total Expenditures	<u>3,498.20</u>	<u>285,346.04</u>
Receipts Over (Under) Expenditures	2,821.28	(260,039.46)
Unencumbered Cash, Beginning	<u>(2,821.28)</u>	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>	<u>(\$260,039.46)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**YAT ELLIS PARK PROJECT FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Other Receipts		
Miscellaneous	\$179,486.75	\$97,948.82
Total Cash Receipts	179,486.75	97,948.82
Expenditures		
Public Safety		
Contractual services	108,091.15	97,175.24
Commodities	12,953.33	17,322.98
Capital outlay	-	-
Total Expenditures	121,044.48	114,498.22
Receipts Over (Under) Expenditures	58,442.27	(16,549.40)
Unencumbered Cash, Beginning	39,567.24	98,009.51
Unencumbered Cash, Ending	<u>\$98,009.51</u>	<u>\$81,460.11</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**PHOENIX PROJECT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Other Receipts		
Miscellaneous	\$200.00	-
Total Cash Receipts	<u>200.00</u>	<u>-</u>
Expenditures		
General Government		
Contractual services	2,650.00	700.00
Capital outlay	-	-
Total Expenditures	<u>2,650.00</u>	<u>700.00</u>
Receipts Over (Under) Expenditures	(2,450.00)	(700.00)
Prior Year Encumbrances Canceled	-	750.00
Unencumbered Cash, Beginning	<u>27,846.49</u>	<u>25,396.49</u>
Unencumbered Cash, Ending	<u>\$25,396.49</u>	<u>\$25,446.49</u>

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



**CITY OF FORT SCOTT, KANSAS**  
**GNAT PROJECT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Other Revenue		
Miscellaneous	-	\$26,105.11
Total Cash Receipts	-	26,105.11
Expenditures		
Public Safety		
Capital outlay	-	21,113.95
Total Expenditures	-	21,113.95
Receipts Over (Under) Expenditures	-	4,991.16
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	\$4,991.16

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

**CITY OF FORT SCOTT, KANSAS**  
**BRICK STREET AND SIDEWALK GRANT FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Intergovernmental		
KDOT grant	\$352,686.76	\$20,089.76
Use of Property and Money		
Revolving Loan Proceeds	142,670.40	57,865.44
Total Cash Receipts	<u>495,357.16</u>	<u>77,955.20</u>
Expenditures		
Public Streets		
Contractual	-	-
Capital outlay	315,613.72	126,081.55
Total Expenditures	<u>315,613.72</u>	<u>126,081.55</u>
Receipts Over (Under) Expenditures	179,743.44	(48,126.35)
Unencumbered Cash, Beginning	<u>(309,895.69)</u>	<u>(130,152.25)</u>
Unencumbered Cash, Ending	<u><u>(\$130,152.25)</u></u>	<u><u>(\$178,278.60)</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**KLINK WALL STREET PROJECT FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
State grant	-	-
Use of Property and Money		
Revolving Loan Proceeds	-	88,571.50
Total Cash Receipts	-	88,571.50
Expenditures		
Public Safety		
Capital outlay	477,762.50	10,300.00
Total Expenditures	477,762.50	10,300.00
Receipts Over (Under) Expenditures	(477,762.50)	78,271.50
Prior Year Encumbrances Canceled	-	49,264.43
Unencumbered Cash, Beginning	-	(477,762.50)
Unencumbered Cash, Ending	<u>(\$477,762.50)</u>	<u>(\$350,226.57)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL LAW ENFORCEMENT TRUST FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> Actual	<u>2010</u> Actual
Cash Receipts		
Other Revenue		
Miscellaneous	<u>\$2,703.04</u>	<u>\$2,935.65</u>
Total Cash Receipts	<u>2,703.04</u>	<u>2,935.65</u>
Expenditures		
Public Safety		
Contractual services	1,173.88	-
Commodities	-	-
Capital outlay	<u>1,136.71</u>	<u>931.00</u>
Total Expenditures	<u>2,310.59</u>	<u>931.00</u>
Receipts Over (Under) Expenditures	392.45	2,004.65
Unencumbered Cash, Beginning	<u>20,820.38</u>	<u>21,212.83</u>
Unencumbered Cash, Ending	<u><u>\$21,212.83</u></u>	<u><u>\$23,217.48</u></u>

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

## CITY OF FORT SCOTT, KANSAS

## FIRE FITNESS GRANT FUND

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u>	<u>2010</u>
	<u>Actual</u>	<u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal Grant	\$14,336.00	\$8,990.00
Operating Transfers from Other Funds		
General	1,227.00	-
Total Cash Receipts	<u>15,563.00</u>	<u>8,990.00</u>
Expenditures		
Contractual services	9,463.00	-
Capital outlay	15,090.00	-
Total Expenditures	<u>24,553.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	(8,990.00)	8,990.00
Unencumbered Cash, Beginning	-	(8,990.00)
Unencumbered Cash, Ending	<u>(\$8,990.00)</u>	<u>-</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**SEVENTH & NATIONAL STORM DRAIN FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Proceeds from Long Term Debt		
Principal Received on Bonds	-	\$609,000.00
Accrued interest received	-	506.28
Total Cash Receipts	-	609,506.28
Expenditures		
Public Safety		
Contractual	-	31,130.20
Capital outlay	-	322,832.50
Total Expenditures	-	353,962.70
Receipts Over (Under) Expenditures	-	255,543.58
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	255,543.58

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

CITY OF FORT SCOTT, KANSAS

SAFE GRANT FUND

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Intergovernmental		
State Grant	-	\$1,000.00
Total Cash Receipts	-	1,000.00
Expenditures		
Public Safety		
Commodities	-	150.00
Capital outlay	-	-
Total Expenditures	-	150.00
Receipts Over (Under) Expenditures	-	850.00
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	\$850.00

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

**CITY OF FORT SCOTT, KANSAS**  
**SKATE FOR SCHOLARS FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Other Revenue		
Private Grant	-	\$10,000.00
Donations	-	7,943.04
Total Cash Receipts	-	17,943.04
Expenditures		
Contractual services	-	890.20
Capital outlay	-	-
Total Expenditures	-	890.20
Receipts Over (Under) Expenditures	-	17,052.84
Unencumbered Cash, Beginning	340.00	340.00
Unencumbered Cash, Ending	<u>\$340.00</u>	<u>\$17,392.84</u>

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



**CITY OF FORT SCOTT, KANSAS**  
**BUCK RUN COMMUNITY CENTER YMCA FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Other Receipts		
Miscellaneous	-	-
Interest Earnings	891.18	451.34
Total Cash Receipts	891.18	451.34
Expenditures		
AIP Fence Project		
Contractual services	-	-
Capital outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	891.18	451.34
Unencumbered Cash, Beginning	60,047.59	60,938.77
Unencumbered Cash, Ending	\$60,938.77	\$61,390.11

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

**CITY OF FORT SCOTT, KANSAS**  
**AIRPORT IMPROVEMENTS FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal grant	\$28,109.00	\$12,851.00
Other Receipts		
Miscellaneous	-	-
Operating Transfers from Other Funds		
General	1,667.84	0.70
Total Cash Receipts	<u>29,776.84</u>	<u>12,851.70</u>
Expenditures		
Public Transportation		
Contractual services	1,850.01	-
Commodities	-	-
Capital outlay	-	-
Total Expenditures	<u>1,850.01</u>	<u>-</u>
Receipts Over (Under) Expenditures	27,926.83	12,851.70
Prior Year Encumbrances Canceled	-	3,299.64
Unencumbered Cash, Beginning	<u>(44,078.17)</u>	<u>(16,151.34)</u>
Unencumbered Cash, Ending	<u><u>(\$16,151.34)</u></u>	<u><u>\$0.00</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**CITY HALL TEMPORARY NOTES FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Proceeds from Long Term Debt		
Temporary Note Principal received	-	\$150,000.00
Temporary Note Interest received	-	\$36.88
Total Cash Receipts	-	150,036.88
Expenditures		
General Government		
Capital outlays	-	150,036.88
Total Expenditures	-	150,036.88
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

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

**CITY OF FORT SCOTT, KANSAS**  
**URGENT NEED FLOOD GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Intergovernmental		
HUD Federal grant	-	-
Other Receipts		
Miscellaneous	-	-
Total Cash Receipts	-	-
Expenditures		
Public Streets		
Contractual services	-	14,000.00
Capital outlay	-	-
Total Expenditures	-	14,000.00
Receipts Over (Under) Expenditures	-	(14,000.00)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	(\$14,000.00)

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

**CITY OF FORT SCOTT, KANSAS**  
**RUNWAY REHAB GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal Grant	\$574,186.00	\$37,043.00
Operating Transfers from Other Funds		
General	30,325.80	1,844.16
Total Cash Receipts	<u>604,511.80</u>	<u>38,887.16</u>
Expenditures		
Public Safety		
Contractual	559,974.33	6,914.45
Capital outlay	83,525.00	-
Total Expenditures	<u>643,499.33</u>	<u>6,914.45</u>
Receipts Over (Under) Expenditures	(38,987.53)	31,972.71
Prior Year Encumbrances Canceled	-	4,875.00
Unencumbered Cash, Beginning	-	(38,987.53)
Unencumbered Cash, Ending	<u>(\$38,987.53)</u>	<u>(\$2,139.82)</u>

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

**CITY OF FORT SCOTT, KANSAS**  
**FAA PROJECTS GRANT FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Intergovernmental		
Federal Grant	\$4,571.25	\$63,526.00
Operating Transfers from Other Funds		
General	<u>1,523.75</u>	<u>24,723.59</u>
Total Cash Receipts	<u>6,095.00</u>	<u>88,249.59</u>
Expenditures		
Public Safety		
Contractual	-	76,875.00
Capital outlay	<u>6,095.00</u>	<u>500,895.65</u>
Total Expenditures	<u>6,095.00</u>	<u>577,770.65</u>
Receipts Over (Under) Expenditures	-	(489,521.06)
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>(\$489,521.06)</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**CDBG REVOLVING LOAN FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts		
Use of Property and Money		
Interest earned	\$1,319.00	\$1,656.04
Interest on loans repaid	1,712.12	1,063.20
Principal on loans repaid	<u>47,691.36</u>	<u>27,053.18</u>
Total Cash Receipts	<u>50,722.48</u>	<u>29,772.42</u>
Expenditures		
Economic Development		
Contractual services	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	50,722.48	29,772.42
Unencumbered Cash, Beginning	<u>164,092.35</u>	<u>214,814.83</u>
Unencumbered Cash, Ending	<u><u>\$214,814.83</u></u>	<u><u>\$244,587.25</u></u>

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

**CITY OF FORT SCOTT, KANSAS**  
**FORT SCOTT PUBLIC LIBRARY - GENERAL FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2010  
With Comparative Actual Amounts for the Year Ended December 31, 2009

	2009 Actual	2010 Actual
Cash Receipts		
Intergovernmental		
Appropriation from the City	\$225,074.09	\$298,005.88
Other appropriations	16,841.00	16,036.00
Fines, Forfeitures and Penalties	1,984.45	2,214.94
Use of Property and Money		
Interest	1,470.68	967.49
Other Receipts		
Donations	375.00	220.00
Miscellaneous	2,671.26	2,262.19
Total Cash Receipts	248,416.48	319,706.50
Expenditures		
Personal services	143,504.28	147,614.18
Contractual Services	50,351.06	43,042.39
Commodities	56,701.55	56,067.02
Capital outlay	15,024.04	538.80
Total Expenditures	265,580.93	247,262.39
Receipts Over (Under) Expenditures	(17,164.45)	72,444.11
Unencumbered Cash, Beginning	535,911.69	518,747.24
Unencumbered Cash, Ending	\$518,747.24	\$591,191.35

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



## CITY OF FORT SCOTT, KANSAS

### Notes to the Financial Statements For the Year Ended December 31, 2010

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fort Scott, Kansas (the City) was incorporated as a city of the first class on February 27, 1860, under the provision of K.S.A. 13-101 et seq. The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Fort Scott have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

#### Reporting Entity

The City of Fort Scott, Kansas (the City) is a municipal corporation governed by an elected five-member commission. These financial statements present the City of Fort Scott, Kansas (the primary government) and its component units. Component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

*Discretely Presented Component Units.* The component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by the City.

1. Library Board - The City of Fort Scott Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City.

The Fort Scott Housing Authority operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from generally accepted accounting principles.

There are no other separate entities related to the City which should be accounted for in the City's financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

### GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

Special Revenue Funds - These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the City.

Debt Service Fund - The Bond and Interest Fund is used to account for the payment of principal and interest on the City's general obligation bonds which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes, special assessment taxes and investment interest income.

Capital Project Funds - The Capital Project Funds account for capital improvements (except for those financed by proprietary funds) which are financed from the City's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

### PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods and services provided to other departments on a cost reimbursement basis.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)  
**Fund Accounting** (Continued)

**FIDUCIARY FUNDS**

**Expendable Trust Funds** - These funds account for funds held in trust for others. The funds are accounted for in essentially the same manner as governmental funds.

**Nonexpendable Trust Funds** - These funds are used to account for assets held by the City in a trustee capacity for others, the principal of which may not be expended.

**Basis of Presentation - Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or 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 municipality to use the statutory basis of accounting.

**Departures from Accounting Principles Generally Accepted in the United States of America**

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

The Fort Scott Housing Authority - a component unit - has been omitted from these financial statements.

**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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)  
**Budgetary Information** (Continued)

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

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. As stated in Note 13, the Special Parks and Recreation and Sewer Rate Stabilization Sales Tax Funds were amended in 2010.

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.

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

A legal operating budget is not required for certain special revenue funds, capital project funds, and fiduciary funds.

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

**Cash and Investments**

The City Pool's idle cash from all funds for the purpose of increasing income through investment activities. Investments are stated at cost.

**Property Taxes**

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Special Assessments

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

Accordingly, special assessments are accounted for within the City Bond and Interest Fund. Special assessments are levied over a ten or fifteen-year period and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property.

### Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

### Compensated Absences

All regular full-time employees are eligible for vacation benefits. Employees are allowed to accumulate and carry forward a maximum of 160 hours (12 shift days for Fire Department Personnel). Hours accumulated and not taken in excess of these limits at December 31 of each year are lost by the employees. New employees must work a minimum of six months to utilize earned vacation benefits. Unused vacation benefits are paid to employees when employment with the City terminates.

All regular full-time employees are also eligible for sick leave benefits. All regular full-time service employees with 12 years of continuous service will be paid for half of accumulated sick hours on the books upon death or retirement. Unused sick leave benefits are lost when employment with the City terminates unless due to death or retirement. Employees accrue sick leave at the rate of 10 days per year with a maximum of 120 days (six shift days per year with a maximum of 72 shift days for Fire Department Personnel). The City accrues a liability for compensated absences that meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the City has accrued a liability for vacation and sick pay which has been earned but not taken by City employees.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Firemen's Retirement System, both of which are multi-employer statewide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

Termination and Post Employment Benefits

No termination benefits are provided to City employees when employment with the City ends except for the accrued compensated absences as discussed in Note 1.

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 local government 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 government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements have not been presented since their inclusion would make the statements unduly complex and difficult to read.

**2. COMPLIANCE, STEWARDSHIP, AND ACCOUNTABILITY**

Compliance With Kansas Statutes

Statements 1 and 2 are designed to show compliance with the cash basis and budget laws of Kansas. As shown on Statement 1, several funds show negative unencumbered cash balances in apparent violation of the Kansas cash basis law. However, these are apparently not violations of the cash basis law due to numerous grant money receivables as of December 31, 2010.

**3. CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

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 Government is located 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 Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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 Government has no investment policy that would further limit its investment choices, but has limited the investments to time deposits at the local bank and the Kansas Municipal Investment Pool.

3. **CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**  
(Continued)

*Concentration of credit risk.* State statutes place no limit on the amount the Government 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 Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated.

At December 31, 2010 the City's carrying amount of deposits was \$3,759,515.25 and the bank balance was \$3,939,585.09. The bank balances were held by several banks resulting in a diversification of credit risk. Of the bank balance, \$311,366.89 was covered by federal depository insurance, and \$3,628,219.80 was collateralized with securities totaling \$4,353,116.35 held by the pledging financial institutions' agents in the City's name.

At December 31, 2010 the City had invested \$2,043,905.75 in the State's municipal investment pool. The Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. **LONG-TERM OBLIGATIONS**

General Obligation Bonds

General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

Debt Service Requirements

Future requirements of principal and interest are recorded in Note 14. Additional disclosures for revenue bonds are as follows:

4. **LONG-TERM OBLIGATIONS**  
Debt Service Requirements (Continued)

YEAR ENDED DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 73,241.00	\$ 237,509.51	\$ 310,750.51
2012	75,660.00	234,316.48	309,976.48
2013	79,892.00	230,792.68	310,684.68
2014	82,842.00	227,300.81	310,142.81
2015	86,875.00	223,605.02	310,480.02
2016 TO 2020	494,287.00	1,056,521.13	1,550,808.13
2021 TO 2025	616,029.00	935,606.14	1,551,635.14
2026 TO 2030	765,571.00	785,338.25	1,550,909.25
2031 TO 2035	952,753.00	598,131.75	1,550,884.75
2036 TO 2040	1,186,787.00	364,946.22	1,551,733.22
2041 TO 2044	749,703.00	104,606.94	854,309.94
2045	<u>181,172.00</u>	<u>7,699.81</u>	<u>188,871.81</u>
	<u>\$ 5,344,812.00</u>	<u>\$ 5,006,374.71</u>	<u>\$ 10,351,186.74</u>

Compensated Absences

Compensated absences are accrued as detailed in Note 1. Accrued compensated absences as of December 31, 2010, consisted of vacation and sick pay in the amount of \$475,817.10.

Industrial Revenue Bonds

The City has entered into various agreements to induce businesses to locate or expand operations in Fort Scott, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's), which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2010, there were five industrial revenue bond issues to three local businesses with principal balances due totaling \$385,000.

5. **DEFINED BENEFIT RETIREMENT PLANS**

Plan Description

The City participates in the Kansas Public Employees Retirement System ("KPERS"), and the Kansas Police and Firemen's Retirement System ("KP&F"). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, Kansas 66603) or by calling 1-888-275-5737.



5. **DEFINED BENEFIT RETIREMENT PLANS** (Continued)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% to 6% of covered salary, depending upon the date of hire. K.S.A. 74-4975 established KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute is 7.14% from January 1, 2010 to December 31, 2010. The City's employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008, were \$131,257.46, \$100,376.86, and \$91,468.53, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for the calendar year 2010 is 12.86%. Employers participating in KP&F can also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City has chosen to do this and, accordingly, paid a rate of 18.47% for 2010. The City's contributions to KP&F for the years ending December 31, 2010, 2009, and 2008, were \$215,678.33, \$219,797.38, and \$227,970.56, respectively, equal to the statutory required contributions for each year.

6. **SALES TO MAJOR CUSTOMER - ENTERPRISE FUNDS**

During 2010, approximately 45% of the total cubic feet of water and 35% of water sales in the Water Utility Fund were to Consolidated Rural Water District #2, Inc., Bourbon County, Kansas.

7. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss through various insurance policies.

8. **DISCLOSURES FOR COMPONENT UNITS**

FORT SCOTT PUBLIC LIBRARY

The Library's basis of accounting is the same as the City's basis as described in Note 1. The Library is not subject to the budgetary statutes applicable to Cities in the State of Kansas. Copies of the Library's financial statements may be obtained at the Fort Scott Public Library. Cash consists of deposits in bank accounts fully secured by FDIC insurance. The Library participates in the KPER's retirement system referred to in Note 5. The Library's employer contributions for 2010, 2009, and 2008, equaled \$10,289.56, \$7,748.24, and \$8,002.28, respectively. The Library manages exposure to various risks of loss due to torts; theft of, damage to, or destruction to assets; errors and omissions; and injuries to employees by purchasing various insurance policies.

## 9. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>K.S.A. Statutory Authority</u>	<u>Amount</u>
Water Utility	General Fund	12-825d	\$115,000.00
Sewage Utility	General Fund	12-825d	215,000.00
General	Equipment Reserve	12-1, 117	65,000.00
General	Special Street & Highways	68-590	100,000.00
General	Capital Improvements	12-1, 118	65,000.00
General	FAA Projects Grant	(2)	.70
Sewage Utility	Sewer Bond Reserve	12-825d	31,044.00
General	Runway Rehab Grant	(2)	1,844.16
General	KDOT Grant	(2)	24,723.59
Street and Sidewalk Project	General Bond and Interest	(1)	48,174.34
Storm Drain Utility	Main St. FEMA Project	12-825d	36,783.78
Storm Drain Utility	Horton FEMA Project	12-825d	25,306.58

The Transfers noted with (1) is to transfer the remaining unused bond proceeds to the Debt Service Fund to pay the debt.

The Transfers noted with (2) are actually reimbursed expenses.

## 10. CAPITAL PROJECTS

Capital projects with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
Street Improvement Projects (FEMA)		
(Funds 45 & 57)		
Grant - Federal		\$ 529,892.00
Grant - Kansas		70,652.00
Other Receipts		105,978.00
Totals	<u>\$ 528,287.48</u>	<u>\$ 706,522.00</u>
Street Improvements Projects (KDOT)		
(Funds 56, 66 & 76)		
KDOT Revolving Loan		\$ 400,000.00
GO Bonds		1,851,123.57
Revenue Bonds		277,000.00
KDOT Grant		1,400,000.00
Other Receipts		120,329.00
Totals	<u>\$3,511,238.21</u>	<u>\$ 4,048,452.57</u>
Runway Rehab Project (Fund 89)		
FAA Grant		\$ 613,223.00
Local Funds (Reimbursement)		32,315.78
Totals	<u>\$ 645,538.75</u>	<u>\$ 645,538.78</u>
KLINK Wall Street Project (Fund 68)		
KDOT Revolving Loan		\$ 400,000.00
KDOT Grant		400,000.00
Local Funds		133,333.00
Totals	<u>\$ 438,798.07</u>	<u>\$ 933,333.00</u>

**11. CONTINGENCIES**

Grants are subject to additional audits by regulatory agents, the purpose of which is to ensure compliance with the specific conditions of the grants. Any liability for reimbursement which may arise as a result of the audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material and would not be payable by the City.

**12. SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2010 through the date of the issuance of the financial statements as shown in the Independent Auditors' Report on page two of these financial statements. During this period, there were no subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statements.

**13. BUDGET AMENDMENTS**

<u>Sewer Rate Stabilization Sales Tax</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Receipts		
Other Income	\$ 650,000	\$ 675,000
Total Receipts	650,000	675,000
Unencumbered Cash, January 1	954,885	1,020,629
Resources Available	<u>\$ 1,604,885</u>	<u>\$ 1,695,629</u>
Expenditures		
Debt Service	\$ 611,905	\$ 611,905
Capital Outlays	50,000	275,000
Total Expenditures	<u>\$ 661,905</u>	<u>\$ 886,905</u>
<u>Special Parks and Recreation</u>		
Receipts		
Taxes	\$ 11,400	\$ 11,400
Total Receipts	11,400	11,400
Unencumbered Cash, January 1	25,517	67,003
Resources Available	<u>\$ 36,917</u>	<u>\$ 78,403</u>
Expenditures		
Recreation	<u>\$ 36,917</u>	<u>\$ 50,000</u>

**14. LONG-TERM DEBT OBLIGATIONS**

Details about the City's long-term obligations, changes in long term debt, and current maturities for the next five years and thereafter are recorded on the following two pages:

14. LONG TERM OBLIGATIONS (Continued)

Issue	Interest Rates	Amount of Issue	Date of Issue	Date of Final Maturity	Balances Beginning of Year	Additions/ New Debt	Reductions/ Principal Paid	Balances End of Year	Interest Paid
<u>General Obligation Bonds</u>									
FS Middle School Series 2001	4.75%	\$ 55,000	7/29/1999	10/1/2011	\$ 175,000	\$ -	\$ 85,000	\$ 90,000	\$ 7,835
Pumper Truck Series 1999-A	3.85% - 5.85%	711,000	8/1/2001	8/2/2014	22,705	-	4,130	18,575	1,078
Series 2010-A	1.75% - 3.75%	1,295,000	4/1/2010	10/1/2024	-	1,295,000	-	1,295,000	-
Total General Obligation Bonds					197,705	1,295,000	89,130	1,403,575	8,913
<u>Temporary Notes</u>									
Series 2007-1 Fire Station	4.00%	250,000	6/1/2007	9/1/2010	85,000	-	85,000	-	3,400
Series 2010-1 City Hall	2.95%	150,000	5/15/2010	10/1/2013	-	150,000	-	150,000	-
Total Temporary Notes					85,000	150,000	85,000	150,000	3,400
<u>General Obligation Enterprise Bonds</u>									
Series 2004 Refunding	2.5% - 3.7%	3,070,000	7/1/2004	10/1/2012	1,070,000	-	350,000	720,000	37,490
Series 2009 - Streets / Waterline	Variable	2,005,000	6/1/2009	10/1/2024	2,005,000	-	95,000	1,910,000	88,353
Total General Obligation Enterprise Bonds					3,075,000	-	445,000	2,630,000	125,843
<u>Revolving Loans, Kansas Department of Health and Environment &amp; Transportation</u>									
Mill Creek Bridge Project	3.88%	72,000	1/4/2008	8/1/2012	43,777	-	14,420	29,357	1,699
Water Tower & Lines	4.13%	2,169,247	3/8/2001	2/1/2026	1,023,915	-	66,619	957,296	35,158
WWTP Improvements	3.49%	6,788,071	1/8/2002	9/1/2022	4,576,882	-	212,480	4,364,402	171,922
Water Plant Project	3.80%	5,480,086	1/16/2004	8/1/2026	1,755,361	-	79,325	1,676,036	71,686
Brick Streets and Sidewalks	4.13%	400,000	5/6/2008	8/1/2027	211,601	57,865	15,020	254,446	15,300
Wall Street Klink Project	4.0%	400,000	8/4/2009	8/1/2019	-	88,572	-	88,572	-
Total Revolving Loans					7,611,535	146,437	387,864	7,370,108	295,764
<u>Revenue Bonds</u>									
Sewer Utility, Series A, 2001	4.75%	2,290,000	9/13/2001	9/13/1941	2,100,000	-	29,000	2,071,000	99,750
Sewer Utility, Series A,B 2005	4.25%	3,460,200	12/15/2005	12/15/1945	3,314,331	-	40,519	3,273,812	140,859
Total Revenue Bonds					5,414,331	-	69,519	5,344,812	240,609
<u>Capital Leases</u>									
Police Cars 2008	4.75%	78,194	5/5/2008	5/5/2010	26,046	-	26,046	-	1,237
Track Paver	5.44%	128,113	7/31/2006	8/1/2011	55,398	-	26,957	28,441	2,650
2009 Freight Liner	4.08%	181,607	3/18/2010	4/1/2020	-	181,607	-	181,607	-
Total Capital Leases					81,444	181,607	53,003	210,048	3,887
<u>Compensated Absences</u>									
General Long Term Debt	N/A	N/A	N/A	N/A	368,013	11,666	-	379,679	-
Enterprise Funds	N/A	N/A	N/A	N/A	117,818	(21,681)	-	96,138	-
Total Compensated Absences					485,831	(10,014)	-	475,817	-
					\$ 16,950,846	\$ 1,763,030	\$ 1,129,516	\$ 17,584,361	\$ 678,417

14. **LONG TERM OBLIGATIONS** (Continued)

Issue	2011	2012	2013	2014	2015	2016 to 2020	2021 to 2025	Thereafter	Totals
<b>Principal</b>									
General Obligation Bonds	\$ 194,330	\$ 109,530	\$ 109,750	\$ 114,965	\$ 115,000	\$ 550,000	\$ 210,000	\$ -	\$ 1,403,575
Temporary Notes	50,000	50,000	50,000	-	-	-	-	-	150,000
General Obligation Enterprise Bonds	475,000	500,000	135,000	140,000	145,000	745,000	490,000	-	2,630,000
Revolving Loans, Kansas Department of Health & Environment & Transportation	463,600	456,271	424,354	440,750	457,782	2,568,401	2,558,951	-	7,370,108
Revenue Bonds	73,241	75,660	79,892	82,842	86,875	494,287	616,029	3,835,986	5,344,812
Capital Leases	43,512	15,685	16,325	16,991	17,684	99,852	-	-	210,049
<b>Total Principal</b>	<b>\$ 1,299,683</b>	<b>\$ 1,207,146</b>	<b>\$ 815,321</b>	<b>\$ 795,548</b>	<b>\$ 822,341</b>	<b>\$ 4,457,539</b>	<b>\$ 3,874,980</b>	<b>\$ 3,835,986</b>	<b>\$ 17,108,544</b>
<b>Interest</b>									
General Obligation Bonds	\$ 59,300	\$ 33,922	\$ 30,556	\$ 28,493	\$ 26,278	\$ 85,250	\$ 19,688	\$ -	\$ 283,486
Temporary Notes	6,097	2,950	1,475	-	-	-	-	-	10,522
General Obligation Enterprise Bonds	88,405	71,155	52,590	50,025	46,945	169,800	50,050	-	528,970
Revolving Loans, Kansas Department of Health & Environment & Transportation	279,414	260,940	243,973	227,577	210,545	773,233	270,778	-	2,266,460
Revenue Bonds	237,510	234,316	230,793	227,301	223,605	1,056,521	935,606	1,860,723	5,006,375
Capital Leases	8,574	6,795	6,155	5,489	4,795	12,547	-	-	44,355
<b>Total Interest</b>	<b>\$ 679,299</b>	<b>\$ 610,077</b>	<b>\$ 565,542</b>	<b>\$ 538,885</b>	<b>\$ 512,168</b>	<b>\$ 2,097,352</b>	<b>\$ 1,276,122</b>	<b>\$ 1,860,723</b>	<b>\$ 8,140,168</b>
<b>Total Principal and Interest</b>	<b>\$ 1,978,982</b>	<b>\$ 1,817,223</b>	<b>\$ 1,380,863</b>	<b>\$ 1,334,433</b>	<b>\$ 1,334,509</b>	<b>\$ 6,554,891</b>	<b>\$ 5,151,101</b>	<b>\$ 5,696,709</b>	<b>\$ 25,248,712</b>

**CITY OF FORT SCOTT, KANSAS**  
**FEDERAL COMPLIANCE SECTION**

For the Year Ended December 31, 2010

**CITY OF FORT SCOTT, KANSAS**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Housing and Urban Development</u>			
Direct Grants from HUD			
PROJ NO 344831700		-	-
CDGB Special Purpose Grants	14.225	-	-
Passed through the State of Kansas Department of Commerce			
Small Cities Community Development Block Grants	14.228	-	-
<u>U.S. Department of Justice</u>			
Direct Grant from U.S. Bureau of Justice Assistance			
Bulletproof Vest Grants	16.607	1,356.49	-
Direct Grant from U.S. Bureau of Justice Assistance			
ARRA Justice Assistance Grants	16.804	9,383.49	2,372.50
Direct Grant from U.S. Office of Justice Programs			
2008 CKWX0662			
SOS Grant	16.xxx	-	-
<u>U.S. Department of Transportation</u>			
Direct Grant from the Department of Transportation			
AIP 3-20-0022-07		9,275.00	2,556.28
AIP 3-20-0022-10		3,576.00	-
AIP 3-20-0022-11		1,995.00	-
AIP 3-20-0022-12		35,048.00	35,047.56
AIP 3-20-0022-13		63,526.00	469,713.81
AIP 3-20-0022-14		-	-
Airport Improvement Program	20.106	113,420.00	507,317.65
Passed through the State of Kansas Department of Transportation			
6 KA-0429-01-Downtown Brick Street and Sidewalk Program			
Total Transportation Improvement & HPP Project	20.205	20,089.76	20,089.76
Passed through the State of Kansas Department of Transportation			
Grant # OP 1275-09			
Total Traffic Safety & Drunk Driving Prevention	20.601	2,235.45	2,447.61
<u>U.S. Department of Homeland Security</u>			
Passed through the State of Kansas Office of the Adjutant General			
FEMA-KS-DR1849		62,669.63	464,834.38
FEMA-KS-DR1860		39,375.00	39,375.00
Public Assistance Grants	97.036	102,044.63	504,209.38
Direct Grant from FEMA National Preparedness Directorate			
EMW-2008-FO-05954		8,990.00	-
Assistance to Firefighters Grant	97.044	8,990.00	-
 TOTALS		 \$257,519.82	 \$1,036,436.90

Notes to the Schedule of Expenditures of Federal Awards:

(1) Receipts consist of money actually received during the year ended December 31, 2010. Expenditures are recorded on the modified accrual basis of accounting, which records expenses when the goods or services are received, plus accounts payable. Expenditures for these programs differ from the City's financial reports filed with grantors inasmuch as the City records expenditures when an encumbrance or contract is signed in accordance with the statutory basis of accounting, whereas expenditures on the financial reports are recorded when the goods or services are received.

# Diehl Banwart Bolton

*Certified Public Accountants PA*

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and the City Commission  
City of Fort Scott, Kansas

### **Compliance**

We have audited the compliance of the City of Fort Scott, 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 each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's 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 standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's 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 the City's compliance with those requirements.

In our opinion, the City of Fort Scott, 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, 2010.



### **Internal Control Over Compliance**

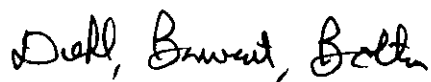
The management of the City of Fort Scott, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

There were no findings identified in our audit and described in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of management, City Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



DIEHL, BANWART, BOLTON, CPAs PA

April 25, 2011  
Fort Scott, Kansas

# Diehl Banwart Bolton

*Certified Public Accountants PA*

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

To the Mayor and the City Commission  
City of Fort Scott, Kansas

We have audited the financial statements of The City of Fort Scott, Kansas, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 25, 2011. We conducted our audit in accordance with 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 the City's 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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

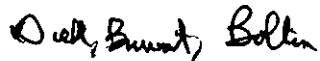
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination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

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

### Compliance and Other Matters

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

This report is intended solely for the information of management, the City Commission, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



DIEHL, BANWART, BOLTON, CPAs PA

April 25, 2011  
Fort Scott, Kansas

**CITY OF FORT SCOTT, KANSAS  
FORT SCOTT, KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010

**SUMMARY OF AUDITORS' RESULTS**

1. The auditor's report was adverse for departures from accounting principles generally accepted in the United State of America due to the preparation of the financial statements in accordance with the Kansas statutory basis of accounting. A qualified opinion on the statutory basis of accounting financial statements was issued due to the omission of a component unit.
2. There were no internal control deficiencies disclosed during the audit of the financial statements as reported in the Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with "Government Auditing Standards".
3. No instances of noncompliance material to the financial statements of the City of Fort Scott, Kansas were disclosed during the audit.
4. There were no reportable conditions in internal control over major Federal award programs disclosed during the audit.
5. The auditors report on compliance for the major Federal award programs for the City of Fort Scott, Kansas expresses an unqualified opinion on all major Federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included the following:

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
20.106	Airport Improvement Grants
97.036	Public Assistance Grants

8. The threshold for distinguishing types A and B programs was \$300,000.
9. The City of Fort Scott, Kansas was not determined to be a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None Reported

**MATERIAL WEAKNESSES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

None reported

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None reported.

**CITY OF FORT SCOTT, KANSAS**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2010**

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For the year ended December 31, 2009, the City had no findings or questioned costs relative to federal awards.