The City of Scott City, Kansas

FINANCIAL STATEMENT

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2025

City of Scott City, Kansas
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For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Scott City, Kansas 67871

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the City of Scott City, Kansas, which comprise the statement of receipts, expenditures, and unencumbered cash as of December 31, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Scott City, as of December 31, 2025, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Scott City, as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Scott City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinions on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City of Scott City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Scott City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial double shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Scott City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Scott City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds (Schedules 1, 2 and 3, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Scott City as of and for the year ended December 31, 2024 (not presented herein), and have issued our reported thereon dated May 20, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link: http://admin.ks.gov/offices/oar/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the City of Scott City's basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2026, on our consideration of the City of Scott 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 solely 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 effectiveness of the City of Scott City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Scott City's internal control over financial reporting and compliance.

Medill and Thooft, CPA

Medill & Thooft, CPA
Ulysses, Kansas

May 15, 2026

City of Scott City, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances Payable	Ending Cash Balance
General Fund:						
General Fund	$ 1,850,316	$ 4,583,471	$ 4,517,364	$ 1,916,423	$ 107,577	$ 2,024,000
Special Purpose Funds:						
Employee Benefits Fund	56,850	492,035	454,819	94,066	495	94,561
Transient Guest Tax Fund	67,150	99,136	90,363	75,923	-	75,923
Fire Equipment Sinking Fund	20	9	-	29	-	29
Municipal Equipment Reserve Fund	111,767	49,100	52,113	108,754	-	108,754
Airport Sinking Fund	363,181	899,544	1,216,296	46,429	259,528	305,957
Special Highway Fund	34,178	206,331	206,038	34,471	-	34,471
Special Parks Fund	10,715	7,541	-	18,256	-	18,256
Police Vehicle Inspection Fund	13,724	8,103	2,398	19,429	-	19,429
911 Fund	219,746	73,791	137,211	156,326	51,679	208,005
Kansas Fights Addiction Fund	23,264	7,109	-	30,373	-	30,373
Water Reserve Fund	350,000	100,000	7,393	442,607	7,393	450,000
Sewer Reserve Fund	281,000	106,200	201,643	185,557	7,393	192,950
Capital Improvement Fund	443,331	569,884	802,487	210,728	-	210,728
Business Funds:						
Airport Fund	100,168	24,496	39,783	84,881	24,155	109,036
Water Utility Fund	1,037,202	3,800,792	3,286,427	1,551,567	23,972	1,575,539
Sewer Utility Fund	294,291	393,785	369,371	318,705	3,194	321,899
Total Reporting Entity (Exlcuding Agency Funds)	$ 5,256,903	$ 11,421,327	$ 11,383,706	$ 5,294,524	$ 485,386	$ 5,779,910

Composition of Cash:	
Cash in Checking	$ 338,010
Money Market	3,903,995
Certificate of Deposit	1,600,000
Total Cash	5,842,005
Less: Agency Fund per Schedule 3	(62,095)
Total Reporting Entity (Exluding Agency Fund)	$ 5,779,910

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

The City of Scott City is a municipal corporation governed by an elected mayor and an elected eight-member council. This financial statement presents the City of Scott City (the City) and its related municipal entities. The related municipal entities are not included in the City's reporting entity, because, though they were established to benefit the City and/or its constituents, the municipality does not elect to include the related municipal entity in its audit report.

Related Municipal Entity

The City appoints the board to the housing authority.

1. *Scott City Housing Authority*: Scott City Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. The records and audit report are maintained and held by Kustom Bookkeeping, PO Box 217 Healy, Kansas 67850.

b) Regulatory Basis Fund Types

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

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

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

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

c) Basis of Accounting

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

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

d) Budgetary Information

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

hearing.

4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing, the City did not hold a revenue neutral rate hearing for this year.

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

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

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

A legal operating budget is not required for Agency Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka. All deposits were

NOTE 2 – DEPOSITS AND INVESTMENTS (CONT.)

legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits was $5,779,910, and the bank balance was $6,379,602. The bank balance was held by three (3) banks, resulting in a concentration of credit risk. Of the bank balance, $546,730 was covered by federal depository insurance, and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Municipal Equipment Reserve Fund	K.S.A. 12-1,117	$ 40,000
General Fund	Special Highway	K.S.A. 12-1, 119	100,000
Water Fund	General Fund	K.S.A. 12-825d	150,000
Water Fund	Water Reserve Fund	K.S.A. 12-825d	100,000
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-825d	100,027

NOTE 4 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes Kansas Police and Fire (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F to be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $120,565 for KPERS and $136,433 for KP&F for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $1,034,552 and $1,042,716 for KP&F. The net pension liability was measured as of June 30, 2025, and the total

NOTE 4 – DEFINED BENEFIT PENSION PLAN (CONT.)

pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contribution of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website www.kpers.org or can be obtained as described above.

NOTE 5 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

b) Death and Disability Other Post-Employment Benefit
As provided by K.S.A. 74-4927, disable members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payment. The employer contribution rate is set at 1% for the year ended December 31, 2025.

c) Other Employee Benefits
Vacation – Vacation leave shall be accrued from the employee's date of employment as stipulated hereinafter. If not taken, vacation leave shall accrue from year to year up to the maximum provided, based upon the employee's years of service. Part-time employees receive vacation credit at a rate of one half of that in which their full-time counterpart receive. The maximum amount of annual carryover allowed is eighty hours for all years of service.

Each full-time employees will accrue vacation leave as follows:

Years of Service	Hours Earned Per Month	Maximum Accumulation
0 – 10 years	6.67 hours	80 hours
After 10 years	10 hours	120 hours

An employee, not discharged for a cause or failed to provide a minimum two-weeks' notice, shall be paid for all accumulated unused vacation shall be paid at their final rate of pay, subject to the maximum hours of accumulation upon termination.

Sick Leave – Sick leave shall be accrued from the employee's date of employment. The full-time employee shall earn eight hours of sick leave for each month of service. Part-time employees who work less than twenty hours per week shall receive four hours for each month of employment. The maximum amount of accrued leave is limited to 960 hours

NOTE 6 – LONG-TERM DEBT

Changes in long-term liabilities for the City of Scott City for the year ended December 31, 2025, were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Lease Purchase									
Street Sweeper	4.80%	4/4/2025	242,250	2029	$ -	$ 242,250	$ 70,750	$ 171,500	$ -
Special Assessment Bond: *									
Series 2023	3.0%	5/15/2023	50,000	2043	49,000	-	2,000	47,000	1,470
KDHE Public Water Supply Loan**									
KDHE No. 2982	1.33%	7/23/2021	6,100,000	2045	3,992,914	2,367,030	183,473	6,176,472	14,037
Total Contractual Indebtedness					$ 4,041,914	$ 2,609,280	$ 256,223	$ 6,394,972	$ 15,507

*See Note 8 **See Note 7

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

	Year							
Principal:	2026	2027	2028	2029	2030-2035	2036-2040	2041-2045	Total
Lease Purchas	$ 40,949	$ 41,494	$ 43,485	$ 45,572	$ -	$ -	$ -	$ 171,500
Series 2023	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 15,000	$ 15,000	$ 9,000	47,000
KDHE	331,856	336,285	340,772	345,320	2,170,868	1,945,720	1,864,892	7,335,713
Total Principal	374,805	379,779	386,257	392,892	2,185,868	1,960,720	1,873,892	7,554,213
Interest:								
Lease Purchas	6,811	6,266	4,274	2,187	-	-	-	19,538
Series 2023	1,410	1,350	1,290	1,230	6,030	2,700	540	14,550
KDHE	25,386	24,220	23,039	41,230	294,046	144,339	46,093	598,353
Total Interest	33,607	31,836	28,603	44,647	300,076	147,039	46,633	632,441
Total Principal and Interest	$ 408,412	$ 411,615	$ 414,860	$ 437,539	$ 2,485,944	$ 2,107,759	$ 1,920,525	$ 8,186,654

NOTE 7 – KDHE PUBLIC WATER SUPPLY LOAN

In July 2021, the Kansas Department of Health and Environment (KDHE) approved a Kansas Public Water Supply Loan for an amount not to exceed $6,100,000 with the City. Due to increased costs of supplies and labor, the City approved Resolution 1264, which amended the loan agreement with the State of Kansas to increase the loan amount to not exceed $7,500,000 in April 2025. The City did not receive the full loan amount upon KDHE's acceptance. Instead, the loan amount is increased by each of the City's disbursement requests from KDHE as costs are incurred for the water system improvement project.

The payment on the KDHE loan is based on a temporary amortization schedule using the maximum loan amount of $7,500,000. Upon completion of the water system improvement project, KDHE will recalculate the amortization schedule based on the accumulated disbursements to the City, reduce the principal paid, and recalculate the final amortization schedule for the loan.

During the 2025 fiscal year, the City requested disbursements from KDHE totaling $2,367,030.37, leaving $1,140,055.17 to request for disbursement under the updated loan agreement amount.

NOTE 8 – SPECIAL ASSESSMENT BOND

The Series 2023 special assessment bond was issued by the City to provide paving and drainage improvements to Crescent Avenue. The repayment of the bond shall be through special assessed property taxes levied on the properties benefiting from the improvement.

When the City opened the bond for purchase, after the bond approval, instead of selling the bond to an outside investor, the City purchased its own bond with funds from the General Fund in the amount of the issue. The City will remit its annual interest and principal to the State of Kansas, which will then send the remittances to the City, as the owner of the bond. If the property taxes assessed on any of the properties become delinquent, the General Fund will have to cover the shortfall with excess revenue or an increase in the mill levy.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized, but two events are to be disclosed in this financial statement.

On April 15, 2026, the City paid B&H Paving, Inc. $84,000 for crack sealing city streets.

The City paid the Scott Recreation Commission $144,793.02 on February 28, 2026, for the payment of insurance proceeds.

City of Scott City, Kansas

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

City of Scott City, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2025

Funds	Certified Budget	Expenditures Chargeable to Current Year	Variance-Over (Under)
General Fund:			
General Fund	$ 5,178,399	$ 4,517,364	$ (661,035)
Special Purpose Funds:			
Employee Benefits Fund	520,000	454,819	(65,181)
Transient Guest Tax Fund	155,833	90,363	(65,470)
Fire Equipment Sinking Fund	50	-	(50)
Municipal Equipment Reserve Fund	175,404	52,113	(123,291)
Airport Sinking Fund	1,512,200	1,216,296	(295,904)
Special Highway Fund	327,178	206,038	(121,140)
Special Parks Fund	14,931	-	(14,931)
Police Vehicle Inspection Fund	20,289	2,398	(17,891)
911 Fund	298,519	137,211	(161,308)
Kansas Fights Addiction Fund	18,241	-	(18,241)
Business Funds:			
Airport Fund	121,314	39,783	(81,531)
Water Utility Fund	7,656,462	3,286,427	(4,370,035)
Sewer Utility Fund	638,138	369,371	(268,767)

City of Scott City, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Ad Valorem Tax	$ 1,746,229	$ 1,719,687	$ 1,752,465	$ (32,778)
Neighborhood Revitalization Rebate	(25,051)	(28,884)	(16,823)	(12,061)
Delinquent Tax	3,128	3,952	-	3,952
Motor Vehicle Tax	282,402	275,731	233,733	41,998
Recreational Vehicle Tax	5,760	5,120	5,227	(107)
16/20M Vehicle Tax	3,534	3,930	3,070	860
Redemption Tax	21,264	25,153	10,000	15,153
Special Assessments Tax Revenue	49,646	1,279	50,000	(48,721)
Local Liquor Tax	6,319	7,541	5,935	1,606
City Sales Tax	909,154	951,843	970,000	(18,157)
Compensation Use Tax	259,878	288,118	130,000	158,118
Highway Connecting Links	25,317	25,283	25,000	283
Franchise Tax	211,216	247,740	245,000	2,740
Dog License	154	167	100	67
Dog Redemption Fees	2,080	1,325	1,500	(175)
Miscellaneous Licenses	21,053	20,335	15,000	5,335
Building Permits	41,328	59,542	14,000	45,542
Special Permits	17,646	2,160	12,000	(9,840)
Court Fines/Diversion Fees	84,394	46,842	75,000	(28,158)
Salaries Reimbursement	188,679	170,000	165,000	5,000
Private Sector Reimbursement	108,704	99,034	50,000	49,034
Pool Collections and Concessions	33,415	34,640	35,000	(360)
Interest on Bond Investment**	3,472	1,470	1,530	(60)
Bond Principal Received**	52,000	2,000	-	2,000
Interest on Idle Funds	165,692	155,042	75,000	80,042
Miscellaneous	1,808	187,700	-	187,700
Federal Grants	7,137	122,941	-	122,941
Cell Tower Lease	4,095	3,780	3,750	30
Transfer from Water Fund	150,000	150,000	150,000	-
Total Receipts	4,380,453	4,583,471	$ 4,011,487	$ 571,984

**See Note 7

City of Scott City, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Expenditures				
City Administrator	$ 99,986	$ 117,800	$ 117,606	$ 194
Sales Tax Projects	451,000	470,500	476,000	(5,500)
Mayor, Council and Treasurer	52,495	58,559	71,190	(12,631)
Municipal Court	68,552	37,226	72,394	(35,168)
City Attorney	59,400	92,685	72,085	20,600
City Hall	18,031	10,037	33,225	(23,188)
City Clerk	157,560	167,971	191,665	(23,694)
Police Department	885,268	1,029,704	1,286,756	(257,052)
City Inspector	70,785	54,622	70,412	(15,790)
Public Works	496,793	527,306	667,100	(139,794)
Swimming Pool	163,252	292,752	170,500	122,252
Park Department	75,138	117,262	165,700	(48,438)
Public Utilities Services	93,295	112,982	115,000	(2,018)
Community Support Programs	50,945	51,735	57,200	(5,465)
City Improvements & Special Projects	300,987	664,422	600,000	64,422
Risk Management	111,952	108,319	121,566	(13,247)
Health Insurance	687,689	460,012	700,000	(239,988)
Bond Interest & Principal	130,200	3,470	-	3,470
Transfer to 911 Fund	266	-	-	-
Transfer to Capital Improvement	52,487	-	50,000	(50,000)
Transfer to Employee Benefits	-	-	-	-
Transfer to Municipal Equipment	40,000	40,000	40,000	-
Transfer to Special Highway	100,000	100,000	100,000	-
Total Expenditures	4,166,081	4,517,364	$ 5,178,399	(661,035)
Receipts Over (Under) Expenditures	214,372	66,107		$ 1,233,019
Unencumbered Cash, Beginning	1,635,944	1,850,316		
Unencumbered Cash, Ending	$ 1,850,316	$ 1,916,423		

City of Scott City, Kansas
Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Ad Valorem Tax	$ 371,735	$ 433,316	$ 441,595	$ (8,279)
Neighborhood Revitalization Rebate	(5,333)	(7,278)	(4,210)	(3,068)
Delinquent Tax	655	914	-	914
Motor Vehicle Tax	57,130	57,841	49,757	8,084
Recreational Vehicle Tax	1,163	1,076	1,113	(37)
16/20M Vehicle Tax	762	782	653	129
Redemption Tax	4,405	5,384	-	5,384
Total Receipts	430,517	492,035	$ 488,908	$ 3,127
Expenditures				
Workman's Compensation	40,017	31,725	50,000	(18,275)
KPERS	134,262	132,981	140,000	(7,019)
KP&F	107,938	136,630	147,000	(10,370)
FICA	147,254	151,631	160,000	(8,369)
Unemployment Insurance	1,764	1,852	3,000	(1,148)
Miscellaneous	1,250	-	20,000	(20,000)
Total Expenditures	432,485	454,819	$ 520,000	(65,181)
Receipts Over (Under) Expenditures	(1,968)	37,216		$ 68,308
Unencumbered Cash, Beginning	58,818	56,850		
Unencumbered Cash, Ending	$ 56,850	$ 94,066		

City of Scott City, Kansas
Transient Guest Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance- Over (Under)
Receipts				
Transient Guest Tax	$ 103,241	$ 99,136	$ 107,000	$ (7,864)
Total Receipts	103,241	99,136	$ 107,000	$ (7,864)
Expenditures				
Other Advertising Services	4,120	678	9,500	(8,822)
Other Administrative Services	34,414	33,045	45,000	(11,955)
Travel	253	1,339	2,000	(661)
Seminars, Conferences & Schooling	1,449	538	1,000	(462)
Community Support	43,972	33,373	50,000	(16,627)
Dues	50	100	500	(400)
Other Technical Services	952	2,656	15,400	(12,744)
Office, Data processing & Supplies	3,236	18,634	3,900	14,734
Capital Outlay	5,578	-	28,533	(28,533)
Total Expenditures	94,024	90,363	$ 155,833	(65,470)
Receipts Over (Under) Expenditures	9,217	8,773		$ 57,606
Unencumbered Cash, Beginning	57,933	67,150		
Unencumbered Cash, Ending	$ 67,150	$ 75,923		

City of Scott City, Kansas
Fire Equipment Sinking Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over (Under)
Receipts				
Delinquent Tax	$ -	$ 9	$ -	$ 9
Total Receipts	-	9	$ -	$ 9
Expenditures				
Capital Outlay	61,914	-	50	(50)
Total Expenditures	61,914	-	$ 50	(50)
Receipts Over (Under) Expenditures	(61,914)	9		$ 59
Unencumbered Cash, Beginning	61,934	20		
Unencumbered Cash, Ending	$ 20	$ 29		

City of Scott City, Kansas
Municipal Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Transfers from General Fund	$ 40,000	$ 40,000	$ 40,000	$ -
Sale of Equipment	5,100	9,100	-	9,100
Total Receipts	45,100	49,100	$ 40,000	$ 9,100
Expenditures				
Capital Outlay	48,737	52,113	175,404	(123,291)
Total Expenditures	48,737	52,113	$ 175,404	(123,291)
Receipts Over (Under) Expenditures	(3,637)	(3,013)		$ 132,391
Unencumbered Cash, Beginning	115,404	111,767		
Unencumbered Cash, Ending	$ 111,767	$ 108,754		

City of Scott City, Kansas
Airport Sinking Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Ad Valorem Tax	$ 142,676	$ 112,511	$ 114,647	$ (2,136)
Neighborhood Revitalization Rebate	(2,047)	(1,890)	(1,097)	(793)
Delinquent Tax	248	272	-	272
Motor Vehicle Tax	20,390	22,016	19,099	2,917
Recreational Vehicle Tax	416	410	427	(17)
16/20M Vehicle Tax	241	295	251	44
Redemption Tax	1,584	1,896	-	1,896
Federal Grants	115,682	764,034	1,048,000	(283,966)
Private Sector Reimbursement	9,900	-	-	-
Total Receipts	289,090	899,544	$ 1,181,327	$ (281,783)
Expenditures				
Contractual Services	100,466	102,241	118,500	(16,259)
Capital Outlay	149,183	1,114,055	1,393,700	(279,645)
Total Expenditures	249,649	1,216,296	$ 1,512,200	(295,904)
Receipts Over (Under) Expenditures	39,441	(316,752)		$ 14,121
Unencumbered Cash, Beginning	323,740	363,181		
Unencumbered Cash, Ending	$ 363,181	$ 46,429		

City of Scott City, Kansas
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
State of Kansas Gas Tax	$ 107,852	$ 106,331	$ 101,410	$ 4,921
Transfer from General Fund	100,000	100,000	100,000	-
Total Receipts	207,852	206,331	$ 201,410	$ 4,921
Expenditures				
Other Materials	232,198	201,135	300,178	(99,043)
Asphalt and Concrete	7,744	4,903	27,000	(22,097)
Total Expenditures	239,942	206,038	$ 327,178	(121,140)
Receipts Over (Under) Expenditures	(32,090)	293		$ 126,061
Unencumbered Cash, Beginning	66,268	34,178		
Unencumbered Cash, Ending	$ 34,178	$ 34,471		

City of Scott City, Kansas
Special Parks Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over (Under)
Receipts				
Local Liquor Tax	$ 6,319	$ 7,541	$ 5,935	$ 1,606
Total Receipts	6,319	7,541	$ 5,935	$ 1,606
Expenditures				
Capital Outlay	-	-	14,931	(14,931)
Total Expenditures	-	-	$ 14,931	(14,931)
Receipts Over (Under) Expenditures	6,319	7,541		$ 16,537
Unencumbered Cash, Beginning	4,396	10,715		
Unencumbered Cash, Ending	$ 10,715	$ 18,256		

City of Scott City, Kansas
Police Vehicle Inspection Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over (Under)
Receipts				
Vehicle Inspection Income	$ 3,650	$ 6,968	$ 3,500	$ 3,468
Urinalysis	740	845	5,000	(4,155)
Utility Vehicle Inspecition Income	360	290	400	(110)
Total Receipts	4,750	8,103	$ 8,900	$ (797)
Expenditures				
Contractual Services	515	2,398	20,289	(17,891)
Total Expenditures	515	2,398	$ 20,289	(17,891)
Receipts Over (Under) Expenditures	4,235	5,705		$ 17,094
Unencumbered Cash, Beginning	9,489	13,724		
Unencumbered Cash, Ending	$ 13,724	$ 19,429		

City of Scott City, Kansas
911 Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
911 Revenues	$ 63,254	$ 69,778	$ 70,000	$ (222)
Interest Income	8,816	4,013	3,000	1,013
Transfers In	266	-	-	-
Total Receipts	72,336	73,791	$ 73,000	$ 791
Expenditures				
Contractual Services	124,109	137,211	298,519	(161,308)
Total Expenditures	124,109	137,211	$ 298,519	(161,308)
Receipts Over (Under) Expenditures	(51,773)	(63,420)		$ 162,099
Unencumbered Cash, Beginning	271,519	219,746		
Unencumbered Cash, Ending	$ 219,746	$ 156,326		

City of Scott City, Kansas
Kansas Fights Addiction Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Kansas Fights Addiction Fund	$ 11,613	$ 6,730	$ 5,000	$ 1,730
Interest on Investments	208	379	100	279
Total Receipts	11,821	7,109	$ 5,100	$ 2,009
Expenditures				
Contractual Services	-	-	18,241	(18,241)
Total Expenditures	-	-	$ 18,241	(18,241)
Receipts Over (Under) Expenditures	11,821	7,109		$ 20,250
Unencumbered Cash, Beginning	11,443	23,264		
Unencumbered Cash, Ending	$ 23,264	$ 30,373		

City of Scott City, Kansas
Water Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	$ 100,000	$ 100,000
Total Receipts	100,000	100,000
Expenditures		
Capital Outlay	-	7,393
Total Expenditures	-	7,393
Receipts Over (Under) Expenditures	100,000	92,607
Unencumbered Cash, Beginning	250,000	350,000
Unencumbered Cash, Ending	$ 350,000	$ 442,607

City of Scott City, Kansas
Sewer Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	$ 100,000	$ 100,000
Property Sales	-	6,200
Total Receipts	100,000	106,200
Expenditures		
Capital Outlay	69,000	201,643
Total Expenditures	69,000	201,643
Receipts Over (Under) Expenditures	31,000	(95,443)
Unencumbered Cash, Beginning	250,000	281,000
Unencumbered Cash, Ending	$ 281,000	$ 185,557

City of Scott City, Kansas
Capital Improvement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Grant	$ 375,000	$ 375,000
Safety Group Dividends	15,844	14,519
Insurance Proceeds	-	152,917
State Grants	-	25,038
Private Sector Reimbursements	-	2,410
Transfer In	52,487	-
Total Receipts	443,331	569,884
Expenditures		
Contractual Services	-	802,487
Total Expenditures	-	802,487
Receipts Over (Under) Expenditures	443,331	(232,603)
Unencumbered Cash, Beginning	-	443,331
Unencumbered Cash, Ending	$ 443,331	$ 210,728

City of Scott City, Kansas
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Lease Payments	$ 21,129	$ 21,402	$ 22,000	$ (598)
Fuel Sales	2,993	3,094	7,000	(3,906)
Total Receipts	24,122	24,496	$ 29,000	$ (4,504)
Expenditures				
Utilities	7,418	10,823	9,000	1,823
Membership and Dues	200	200	100	100
Technical Services	3,768	5,633	7,000	(1,367)
Materials, Small Tools & Equipment	4	-	500	(500)
Capital Outlay	278	23,127	104,714	(81,587)
Total Expenditures	11,668	39,783	$ 121,314	(81,531)
Receipts Over (Under) Expenditures	12,454	(15,287)		$ 77,027
Unencumbered Cash, Beginning	87,714	100,168		
Unencumbered Cash, Ending	$ 100,168	$ 84,881		

City of Scott City, Kansas
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over (Under)
Receipts				
Water Sales	$ 1,460,220	$ 1,384,843	$ 1,225,000	$ 159,843
Service Connection Fees	16,010	13,548	10,000	3,548
Penalties	9,675	8,621	6,000	2,621
Tax Collected	114	-	500	(500)
Private Sector Reimbursement	1,264	2,445	6,500	(4,055)
Cell Tower Lease	20,429	21,042	19,500	1,542
KDHE Revolving Loan Reimb	2,245,454	2,367,030	5,602,812	(3,235,782)
Miscellaneous	12,105	3,263	-	3,263
Total Receipts	3,765,271	3,800,792	$ 6,870,312	$ (3,069,520)
Expenditures				
Salary and Overtime	292,774	285,884	306,000	(20,116)
Printing, Mailing and Dues	13,369	14,290	15,500	(1,210)
Education	1,061	1,677	500	1,177
Utilities	95,959	106,304	153,000	(46,696)
Professional Engineering Services	53,694	8,216	75,000	(66,784)
Technical Services and Maintenance	38,479	32,881	38,000	(5,119)
Taxes	34,233	30,592	-	30,592
Data Processing & Supplies	11,642	16,422	14,500	1,922
Repairs	53,888	-	46,000	(46,000)
Materials and Supplies	139,748	71,601	376,794	(305,193)
Chemicals	108,559	71,704	131,000	(59,296)
Capital Outlay	1,843	94,015	433,445	(339,430)
Insurance	22,420	27,285	36,500	(9,215)
KDHE Projects	2,548,659	2,038,743	5,602,812	(3,564,069)
Debt Service	12,810	236,813	177,411	59,402
Transfer to Water Reserve Fund	100,000	100,000	100,000	-
Transfer to General Fund	150,000	150,000	150,000	-
Total Expenditures	3,679,138	3,286,427	$ 7,656,462	(4,370,035)
Receipts Over (Under) Expenditures	86,133	514,365		$ 1,300,515
Unencumbered Cash, Beginning	951,069	1,037,202		
Unencumbered Cash, Ending	$ 1,037,202	$ 1,551,567		

City of Scott City, Kansas
Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance- Over (Under)
Receipts				
Sewer Collections	$ 391,706	$ 389,894	$ 380,000	$ 9,894
Sewer Penalties	3,597	3,246	3,000	246
Miscellaneous	615	645	-	645
Total Receipts	395,918	393,785	$ 383,000	$ 10,785
Expenditures				
Salary and Overtime	177,127	148,999	208,000	(59,001)
Repairs, Supplies and Miscellaneous	4,024	44,722	4,500	40,222
Utilities	13,758	18,820	21,500	(2,680)
Printing, Mailing and Delivery Services	4,347	5,968	5,200	768
Professional Services	17,399	19,407	5,000	14,407
Data Processing	30	1,598	4,000	(2,402)
Water and Sewer Materials	41,210	21,622	62,700	(41,078)
Capital Outlay	80,105	8,208	227,238	(219,030)
Transfer to Sewer Reserve	100,000	100,027	100,000	27
Total Expenditures	438,000	369,371	$ 638,138	(268,767)
Receipts Over (Under) Expenditures	(42,082)	24,414		$ 279,552
Unencumbered Cash, Beginning	336,373	294,291		
Unencumbered Cash, Ending	$ 294,291	$ 318,705		

Schedule 3

City of Scott City, Kansas
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Municipal Court Fund	$ 44,983	$ 70,934	$ 53,822	$ 62,095
Total	$ 44,983	$ 70,934	$ 53,822	$ 62,095

City of Scott City, Kansas

SINGLE AUDIT SECTION

For the Year Ended December 31, 2025

104 N. Main / P.O. Box 885
Ulysses, Kansas 67880

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

Honorable Mayor and City Council
City of Scott City, Kansas 67871

We have audited, in accordance with the 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, the financial statement of the City of Scott City which comprise the statement of receipts, expenditures, and unencumbered cash as of December 31, 2025, and the related notes to the financial statement, which collectively comprise City of Scott City's basic financial statement, and have issued our report thereon dated May 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered City of Scott City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Scott City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Scott City's internal control.

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 statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Scott City's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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*.

Purpose of This Report

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

Medill and Thooft, CPA

MEDILL & THOOFT, CPA
Ulysses, Kansas

May 15, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Scott City, Kansas 67871

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Scott City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Scott City's major federal programs for the year ended December 31, 2025. City of Scott City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Scott City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Scott City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Scott City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Scott City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Scott City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Scott City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Scott City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Scott City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Scott City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Medill and Thooft, CPA

MEDILL & THOOFT, CPA
Ulysses, Kansas

May 15, 2026

City of Scott City, Kansas
Schedule of Expenditures of Federal Awards
Regulatory Basis
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Numbers	Agency or Pass Through Identifying Number	Federal Award Expenditures
United States Department of Justice			
Passed Through State of Kansas Governor's Office			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	25-JAG-18	$ 45,492
Total United States Department of Justice			45,492
United States Department of Transportation			
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-20-0073-021-2024	678,567
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-20-0073-022-2024	429,310
Total United States Department of Transportation			1,107,877
United States Department of Health and Human Services			
Passed through State of Kansas Department of Health and Environment			
Preventative Health and Health Services Block Grant	93.991	N/A	4,999
Total United States Department of Health and Human Services			4,999
United States Department of the Treasury			
Passed Through State of Kansas Governor's Office			
COVID-19: Local Safety & Security Equipment (LSSE)	21.027	LSSE-31	72,450
Passed Through State of Kansas Department of Commerce			
COVID-19: Building a Stronger Economy 2.0	21.027	N/A	750,000
Total United States Department of the Treasury			822,450
Total Expenditures of Federal Awards			$ 1,980,818

City of Scott City, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of City of Scott City, Kansas, (the City) under programs of the federal government for the year ended December 31, 2025. The information in this schedule if presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a select portion of the operations of City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The Schedule is presented using regulatory basis of accounting prescribed by the Kanas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash and budget laws of the State of Kansas, the same as the financial statement accompanying this schedule.

2) City of Scott City, Kansas did not use the standard indirect cost rate of 10%.

NOTE 3 – FUNDS EXPENDED

Funds where federal expenditure was receipted and expended:

General Fund	$ 122,941
Airport Sinking	1,107,877
Capital Improvement Fund	750,000
	$ 1,980,818

City of Scott City, Kansas
Schedule of Finding & Questioned Costs
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENT

The auditor's report expresses an **adverse opinion** on the financial statement of The City of Scott City, Kansas on the Generally Accepted Accounting Principles (GAAP) basis of accounting, but an **unmodified opinion** on the regulatory basis of accounting as prescribed by the State of Kansas.

Internal Control Over Financial Reporting:

- Material weknesses identified? ____ Yes __X__ No
- Significant defiency(ies) identified? ____ Yes __X__ None Reported
- Noncompliance or other matters required to be reported under *Government Auditing Standards*? ____ Yes __X__ No

FEDERAL AWARDS

Internal Control Over Financial Reporting:

- Material weaknesses identified? ____ Yes __X__ No
- Significant defiency(ies) identified? ____ Yes __X__ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes __X__ No

Identification of Major Programs/Cluster:

Federal Assistance Listing Number:	Name of Federal Program or Cluster:
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs

Dollar threshold to distinguish between Type A and Type B Programs: $1,000,000

Auditee qualifies as a low-risk auditee? ____ Yes __X__ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no reportable findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

UNITED STATES DEPARTMENT OF TRANSPORTATION
Program Name: Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs
Federal Assistence Listing Number: 20.106

There were no reportable findings.