

**CITY OF FORT SCOTT,  
KANSAS**

**Independent Auditors' Report,  
Financial Statement, and  
Regulatory Required Supplementary Information,  
with Federal Compliance Section  
For the Year Ended December 31, 2012**

# CITY OF FORT SCOTT, KANSAS

## TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS:	
Independent Auditors' Report .....	1 - 2
Statement 1	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis .....	3 - 5
Notes to the Financial Statement .....	6 - 18
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	
Summary of Expenditures - Actual and Budget, Regulatory Basis .....	19
Schedule 2	
Schedules of Receipts and Expenditures - Actual and Budget, Regulatory Basis	
General Fund .....	20 - 23
Special Streets and Highways .....	24
Library .....	25
Promotion of Industry .....	26
Equipment Reserve .....	27
Library Employee Benefits .....	28
Special Parks and Recreation .....	29
Police and Fire Equipment .....	30
Special Alcohol and Drug .....	31
Community Improvement District .....	32
E911 Telephone Tax .....	33
Recreation Projects .....	34
Cellphone 911 .....	35
Capital Improvements .....	36
Tourism and Convention Promotion .....	37
Sewer Rate Stabilization Sales Tax .....	38
General Bond and Interest .....	39
Bridge Project .....	40
Street Projects .....	41
Water Utility .....	42 - 43
Sewer Utility .....	44
Storm Drain Utility .....	45
Sewer Bond Reserve .....	46
Wastewater Projects .....	47
Water Project .....	48
KDOT State Airport Grant .....	49
Municipal Court .....	50
Fire Insurance Proceeds .....	51
20 <sup>th</sup> Century Veterans Memorial .....	52
Medical Reimbursement .....	53
Sales Tax .....	54
Restricted Donations .....	55

CITY OF FORT SCOTT, KANSAS

TABLE OF CONTENTS

(Continued)

	<u>PAGE NUMBER</u>
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION - (Continued)	
Schedule 2 - (Continued)	
Schedules of Receipts and Expenditures - Actual and Budget - (Continued)	
Riverfront Project Grant .....	56
Police ARRA Grant .....	57
911 Grant .....	58
CDBG Housing Grant .....	59
BJA Bulletproof Vests Grant.....	60
Street and Sidewalks Project .....	61
Horton FEMA Project .....	62
YAT Ellis Park Project .....	63
Phoenix Project .....	64
GNAT Project .....	65
Brick Street and Sidewalk Grant .....	66
Klink Wall Street Project .....	67
Special Law Enforcement Trust .....	68
Seventh and National Storm Drain Project .....	69
Safe Grant .....	70
Skate for Scholars .....	71
Buck Run Community Center YMCA .....	72
Energy Manager Grant .....	73
Take Charge Challenge Grant .....	74
Urgent Need Flood Grant .....	75
Runway Rehab Grant .....	76
FAA Projects Grant .....	77
CDBG Revolving Loan .....	78
Schedule 3	
Schedule of Receipts and Expenditures - Actual	
Fort Scott Public Library - General Fund .....	79
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards .....	80 - 81
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	82 - 83
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> .....	84 - 85
Schedule of Findings and Questioned Costs .....	86
Summary Schedule of Prior Audit Findings .....	87

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants P.A.*

---

**INDEPENDENT AUDITORS' REPORT**

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

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Fort Scott, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **Adverse Opinion on 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" paragraph, the financial statement referred to above does 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, 2012 or changes in financial position or cash flows thereof for the year then ended.

#### **Unqualified 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 for the City of Fort Scott, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance, Regulatory Basis (basic financial statement) as a whole. The Summary of Expenditures – Actual and Budget, Regulatory Basis, individual fund Schedules of Receipts and Expenditures – Actual and Budget, Regulatory Basis, and the Schedule of Expenditure of Federal Awards (Schedules 1, 2, 3, and the Federal Compliance Section as listed in the table of contents) is presented for analysis and is not a required part of the basic financial statement, however is required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide, and for purposes of additional analysis is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. 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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013, on our consideration of the City of Fort Scott, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City of Fort Scott, Kansas' internal control over financial reporting and compliance.



DIEHL, BANWART, BOLTON, CPAs PA

May 29, 2013  
Fort Scott, Kansas

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

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	2012	
General Fund	\$664,505.12	\$24,288.13	\$5,555,372.45	\$5,436,850.37	\$807,315.33	\$48,911.73	\$856,227.06	\$754,133.10
Special Purposes Funds:								
Special Streets and Highways	376,780.35	9,271.01	344,682.75	278,826.07	451,908.04	60,392.39	512,300.43	386,495.55
Library	-	-	249,499.31	242,795.00	6,704.31	-	6,704.31	11,187.19
Promotion of Industry	392,692.22	-	171,167.99	146,797.38	417,062.83	8.00	417,070.83	395,026.16
Equipment Reserve	213,950.29	-	91,317.85	140,637.79	164,630.35	2,316.85	166,947.20	213,950.29
Library Employee Benefits	-	-	25,847.56	25,847.56	-	-	-	1,391.37
Special Parks and Recreation	33,527.19	-	12,551.18	6,874.24	39,204.13	-	39,204.13	33,527.19
Police and Fire Equipment	150,184.95	-	94,585.48	89,512.99	155,257.44	-	155,257.44	177,138.70
Special Alcohol and Drug	17,938.15	-	12,551.18	9,900.00	20,589.33	-	20,589.33	17,938.15
Community Improvement Distric	-	-	21,407.48	16,090.49	5,316.99	-	5,316.99	4,004.70
E911 Telephone Tax	99,674.47	-	153,639.03	66,451.42	186,862.08	985.21	187,847.29	103,162.40
Recreation Projects	217,213.15	9,572.75	621,349.08	506,065.02	342,069.96	-	342,069.96	3,246,247.40
Cellphone 911	79,560.56	-	30,080.87	109,641.43	-	-	-	80,721.81
Capital Improvements	240,408.40	-	171,450.00	68,745.97	343,112.43	-	343,112.43	240,408.40
Tourism & Convention Promo	17,048.54	-	53,293.80	40,000.00	30,342.34	-	30,342.34	34,548.54
Rate Stabilization	923,653.38	-	686,554.70	471,757.88	1,138,450.20	-	1,138,450.20	948,439.30
Bond and Interest Fund								
General Bond and Interest	44,000.21	-	442,113.67	214,944.65	271,169.23	-	271,169.23	44,000.21
Capital Project Funds								
Bridge Project	329,272.20	-	436,322.00	767,928.65	(2,334.45)	2,334.45	(0.00)	329,272.20
Street Projects	(250,889.11)	78,313.77	164,316.57	4,752.45	(13,011.22)	-	(13,011.22)	(87,183.43)
Business Funds:								
Water Utility	934,437.86	29,751.25	2,803,384.81	2,408,765.56	1,358,808.36	160,837.26	1,519,645.62	1,240,633.08
Sewer Utility	589,138.31	9,875.14	1,248,602.83	1,100,933.31	746,682.97	101,679.09	848,362.06	648,238.84
Storm Drain Utility	691,930.70	9,870.00	281,643.53	457,890.00	525,554.23	8,940.00	534,494.23	736,930.70
Sewer Bond Reserve	241,038.00	-	31,044.00	-	272,082.00	-	272,082.00	241,038.00
Wastewater Projects	102,879.67	2,302.80	425,513.00	414,473.78	116,221.69	-	116,221.69	251,379.67
Water Project	-	-	295,371.00	295,371.00	-	-	-	151,996.99
Trust Funds:								
KDOT State Airport Grant	(39,740.85)	6,913.24	34,675.00	1,847.39	-	-	0.00	(2,792.86)
Municipal Court	436.50	-	20,695.52	21,132.02	-	1,297.00	1,297.00	2,740.00

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

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

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	2012	
<b>Trust Funds: (Continued)</b>								
Fire Insurance Proceeds	-	-	\$3,525.00	\$3,525.00	-	-	-	-
20th Century Vet Memorial	13,603.16	-	210.00	175.00	13,638.16	-	13,638.16	13,603.16
Medical Reimbursement	124.71	-	758.32	883.03	-	-	-	124.71
Sales Tax	-	-	41,860.51	41,860.51	-	2,565.32	2,565.32	1,801.03
Restricted Donations	(7,510.41)	-	83,633.36	15,320.97	60,801.98	815.96	61,617.94	33,285.84
Riverfront Project Grant	-	-	-	87,300.00	(87,300.00)	5,240.89	(82,059.11)	-
Police ARRA Grant	(1,612.71)	-	5,610.71	3,998.00	-	-	-	(1,612.71)
911 Grant	(60,360.00)	-	60,360.00	-	-	-	-	(55,960.00)
CDBG Housing Grant	(52,392.49)	-	120,542.00	68,169.83	(20.32)	-	(20.32)	(104.59)
BJA Bulletproof Vests Grant	-	-	1,960.72	1,960.72	-	-	-	-
Street and Sidewalks Project	216,279.09	11,825.22	638,772.01	772,506.30	94,370.02	496,567.10	590,937.12	341,861.48
Horton FEMA Project	-	-	-	-	-	-	-	-
YAT Ellis Park Project	72,435.33	-	208,648.95	192,896.74	88,187.54	-	88,187.54	72,435.33
Phoenix Project	7,499.32	-	700.00	1,050.00	7,149.32	-	7,149.32	7,999.32
GNAT Project	9,876.74	-	4,610.00	9,395.54	5,091.20	-	5,091.20	9,876.74
Brick Street & Sidewalk Grant	(46,187.76)	-	113,699.31	67,511.55	-	-	(0.00)	(46,187.76)
Klink Wall Street Project	-	-	-	-	-	-	-	-
Special Law Enforcement Trust	23,541.33	-	1,369.17	138.00	24,772.50	-	24,772.50	23,541.33
Seventh & National Storm Drain	-	-	-	-	-	-	-	-
Safe Grant	2,451.10	-	1,250.00	862.74	2,838.36	-	2,838.36	2,624.80
Skate for Scholars	41,290.00	-	46,907.55	88,197.55	-	-	-	41,290.00
Buck Run Com Center YMCA	-	-	-	-	-	-	-	-
Energy Manager Grant	47.43	-	103,656.04	103,703.47	-	-	-	21,304.46
Take Charge Challenge Grant	-	-	173,384.91	170,804.24	2,580.67	-	2,580.67	45.00
Urgent Need Flood Grant	(117,100.00)	64,870.00	48,730.00	-	(3,500.00)	-	(3,500.00)	(17,100.00)
Runway Rehab Grant	-	-	-	-	-	-	-	-
FAA Projects Grant	(33,234.00)	9,443.42	21,958.00	9,443.42	(11,276.00)	-	(11,276.00)	(3,085.56)

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

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

Funds	Beginning Unencumbered Cash Balances	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus		Cash Balances December 31, 2011
						Encumbrances and Accounts Payable	2012	
Nonexpendable Trust Fund: CDBG Revolving Loan	\$264,081.29	-	\$1,601.94	\$2,500.00	\$263,183.23	-	\$263,183.23	\$264,081.29
Total Primary Government	6,402,472.39	266,296.73	16,162,781.14	14,987,035.03	7,844,515.23	892,891.25	8,737,406.48	10,975,938.78
Component Units Fort Scott Public Library General Fund	619,870.51	-	288,109.35	269,630.06	638,349.80	-	638,349.80	619,870.51
Total Reporting Entity	\$7,022,342.90	\$266,296.73	\$16,450,890.49	\$15,256,665.09	\$8,482,865.03	\$892,891.25	\$9,375,756.28	\$11,595,809.29
Composition of Cash Primary Government General Checking Accounts.....							\$6,692,378.78	\$6,870,264.82
Investments State of Kansas Municipal Investment Pool.....							2,045,027.70	4,044,474.61
Certificates of Deposit.....							-	61,199.35
Total Primary Government Component Units Fort Scott Public Library Cash in Bank Accounts.....							8,737,406.48	10,975,938.78
Total Reporting Entity							\$9,375,756.28	\$11,595,809.29

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

# CITY OF FORT SCOTT, KANSAS

Notes to the Financial Statement  
For the Year Ended December 31, 2012

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the City of Fort Scott, Kansas has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Kansas Municipal Audit and Accounting Guide (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. The more significant of the City's accounting policies follow.

### Nature of the Organization

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 City of Fort Scott, Kansas (the City) is a municipal corporation governed by an elected five-member commission.

### Reporting Entity

This financial statement presents the City of Fort Scott, Kansas (the primary government) and its related municipal entities. Related municipal entities are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

*Discretely Presented Related Municipal Entities.* The related municipal entities section of the financial statement includes the financial data of the discretely presented related municipal entities. These related municipal entities 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 statement. 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 statement.

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

### Basis of Presentation - 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:

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

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

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

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

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

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

### Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the 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.

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

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America (Continued)

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 statement.

As discussed previously, the Fort Scott Housing Authority, a related municipal entity, has been omitted from this financial statement.

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.

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 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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 General, Cell 911, and Rate Stabilization Funds were amended in 2012.

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.

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

All legal 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. Any unused budget expenditure authority lapses at year-end.

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

**Deposits and Investments**

Deposits and investments include checking accounts, money market checking accounts, and the state of Kansas Municipal Investment Pool. Kansas statutes permit investment in time deposits and the Kansas Municipal Investment Pool.

**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<sup>th</sup> during the year levied with the balance to be paid on or before May 10<sup>th</sup> of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1<sup>st</sup> 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<sup>st</sup>, such taxes are a lien on the property.

**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.

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

### 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.

### 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)  
**Termination and Post Employment Benefits** (Continued)

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.

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

**Compliance With Kansas Statutes**

The financial statement is 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, 2012.

3. **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, but has limited the investments to time deposits at the local bank and the Kansas Municipal Investment Pool.

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated.

At December 31, 2012 the City's carrying amount of deposits was \$6,692,378.78 and the bank balance was \$6,879,272.73. The bank balances were held by several banks resulting in a diversification of credit risk. Of the bank balance, \$311,366.09 was covered by federal depository insurance, and \$6,567,906.64 was collateralized with securities totaling \$6,777,636.63 held by the pledging financial institutions' agents in the City's name.

3. **DEPOSITS AND INVESTMENTS** (Continued)

At December 31, 2012 the City had invested \$2,045,027.70 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:

YEAR ENDED DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
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	90,641.00	219,797.49	310,438.49
2017	94,190.00	215,612.36	309,802.36
2018 TO 2022	540,160.00	1,011,323.51	1,551,483.51
2023 TO 2027	671,241.00	879,427.10	1,550,668.10
2028 TO 2032	835,553.00	715,397.34	1,550,950.34
2033 TO 2037	1,040,609.00	510,920.87	1,551,529.87
2038 TO 2042	1,166,370.00	256,322.83	1,422,692.83
2043 TO 2047	<u>507,538.00</u>	<u>44,048.74</u>	<u>551,586.74</u>
	<u>\$ 5,195,911.00</u>	<u>\$ 4,534,548.75</u>	<u>\$ 9,730,459.75</u>

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, 2012, there was one industrial revenue bond issue to two local businesses with principal balances due totaling \$125,000.

Compensated Absences

Compensated absences are accrued as detailed in Note 1. Accrued compensated absences as of December 31, 2012, consisted of vacation and sick pay in the amount of \$497,609.01.

5. **DEFINED BENEFIT PENSION 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 Kansas law. 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 (only one is issued) 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.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49, 210 establishes the KPERS member-employee contribution rate. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law established the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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. Kansas 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. Kansas law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute is 8.34% from January 1, 2012 to December 31, 2012. The City's employer contributions to KPERS for the years ending December 31, 2012, 2011, and 2010, were \$149,972.32, \$136,230.31, and \$131,257.46, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for the calendar year 2012 is 16.54%. 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 22.13% for 2012. The City's contributions to KP&F for the years ending December 31, 2012, 2011, and 2010, were \$255,951.96, \$239,846.74, and \$215,678.33, respectively, equal to the statutory required contributions for each year.

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

During 2012, approximately 43% of the total cubic feet of water and 33% 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, and 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**8. DISCLOSURES FOR RELATED MUNICIPAL ENTITIES**

**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 2012, 2011, and 2010, equaled \$12,343.24, \$11,131.84, and \$10,289.56, 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: employees health and life; and natural disasters by purchasing various insurance policies.

**9. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>Transfer To Fund</u>	<u>Transfer From Fund</u>	<u>K.S.A. Statutory Authority</u>	<u>Amount</u>
Police AARA Grant	General	(2)	\$ 200.00
Special Streets	General	(2)	115,000.00
Equipment Reserve	General	12-1, 117	65,000.00
General	Promotion of Industry	(2)	25,000.00
General	Rate Stabilization	(2)	23,141.96
General	Water	12-825d	200,000.00
E911 Telephone Tax	Cellphone	(3)	98,432.10
General	Sewer	12-825d	130,000.00
Capital Improvement	General	12-1, 118	165,000.00
General Bond and Interest	Street & Sidewalk Project	(1)	228,104.31
General Bond and Interest	Bridge Project	(1)	47,524.17
Water Utility	Water Project	(1)	10,346.15
Sewer Bond Reserve	Sewer Utility	(1)	31,044.00

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.

The Transfers noted with (3) are actually transfers to combine two funds into one.

**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 Improvements Projects (KDOT)		
(Funds 66) - Still in Progress		
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>\$3,834,293.44</u>	<u>\$ 4,048,452.57</u>

**10. CAPITAL PROJECTS (Continued)**

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
KLINK Wall Street Project (Fund 68) - Still in Progress		
KDOT Revolving Loan		\$ 400,000.00
KDOT Grant		400,000.00
Local Funds		<u>133,333.00</u>
Totals	<u>\$ 438,798.07</u>	<u>\$ 933,333.00</u>
Street and Sidewalks Project (Fund 56) – Still in progress		
GO Bonds		<u>\$ 1,259,137.75</u>
Totals	<u>\$1,176,592.95</u>	<u>\$ 1,259,137.75</u>
Street Projects (US 69 and 18 <sup>th</sup> & 23 <sup>rd</sup> Streets) (Fund 33) - Still in Progress		
KDOT Federal Grant		<u>\$ 1,999,659.00</u>
Totals	<u>\$ 177,327.79</u>	<u>\$ 1,999,659.00</u>
Wastewater Projects (Fund 30) – Still in progress		
GO Bonds		\$ 580,604.43
Temporary Notes		<u>401,426.64</u>
Totals	<u>\$ 865,809.38</u>	<u>\$ 982,031.07</u>
Water Project (Fund 72) – Completed in 2012		
GO Bonds		\$ 295,371.00
Temporary Notes		<u>151,996.99</u>
Totals	<u>\$ 447,367.99</u>	<u>\$ 447,367.99</u>
Bridge Project (Fund 32) – Completed in 2012		
GO Bonds		\$ 436,327.00
Temporary Notes		<u>\$ 329,326.80</u>
Totals	<u>\$ 765,648.80</u>	<u>\$ 765,648.80</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, 2012 through the date of the issuance of the financial statements as shown in the Independent Auditors' Report on page two of this financial statement. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

**13. BUDGET AMENDMENTS**

General Fund	Original Budget	Amended Budget
<b>Cash Receipts</b>		
Taxes	\$ 3,342,826	\$ 3,942,826
Intergovernmental	798,792	798,792
Fines, Forfeitures and Penalties	110,500	110,500
Golf Course Receipts	200,000	200,000
Airport Revenue	150,000	150,000
Other Receipts	79,925	79,925
Other Income	258,000	258,000
Operating Transfer from Other Funds	<u>330,000</u>	<u>330,000</u>
Total Receipts	5,270,043	5,870,043
Unencumbered Cash, January 1	<u>484,011</u>	<u>484,011</u>
Resources Available	<u>\$ 5,754,054</u>	<u>\$ 6,354,054</u>
<b>Expenditures</b>		
General Government	\$ 1,030,747	\$ 1,030,747
Recreation - Golf Course	287,136	287,136
Recreation - Other	571,936	571,936
Public Transportation	921,390	921,390
Public Safety	2,534,191	2,534,191
Debt Service	58,654	525,154
Operating Transfer to Other Funds	<u>350,000</u>	<u>350,000</u>
Total Expenditures	<u>\$ 5,754,054</u>	<u>\$ 6,220,554</u>
<b>Cell 911</b>		
<b>Cash Receipts</b>		
Special Telephone Tax	\$ <u>25,000</u>	\$ <u>75,000</u>
Total Receipts	25,000	75,000
Unencumbered Cash, January 1	<u>37,254</u>	<u>37,254</u>
Resources Available	<u>\$ 62,254</u>	<u>\$ 112,254</u>
<b>Expenditures</b>		
Contractual Service	\$ 62,254	\$ 62,254
Operating Transfer to Other Funds	-	50,000
Total Expenditures	<u>\$ 62,254</u>	<u>\$ 112,254</u>
<b>Rate Stabilization</b>		
<b>Cash Receipts</b>		
Sales Tax	\$ <u>675,000</u>	\$ <u>675,000</u>
Total Receipts	675,000	675,000
Unencumbered Cash, January 1	<u>857,050</u>	<u>857,050</u>
Resources Available	<u>\$ 1,532,050</u>	<u>\$ 1,532,050</u>
<b>Expenditures</b>		
Capital Outlay	\$ 35,000	\$ 170,000
Golf Course Lease	12,000	12,000
Debt Service	629,435	629,435
Total Expenditures	<u>\$ 676,435</u>	<u>\$ 811,435</u>

**14. LONG-TERM DEBT OBLIGATIONS**

Details about the City's long-term obligations, changes in long term debt, and current maturities and interest for the next five years and in five year increments through maturity 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
<b>General Obligation Bonds</b>									
Pumper Truck Series 1999-A	3.85% - 5.85%	\$ 711,000	8/1/2001	8/2/2014	\$ 14,245	\$ -	\$ 14,245	\$ -	\$ 426
Series 2010-A	1.75% - 3.75%	1,295,000	4/1/2010	10/1/2024	1,195,000	-	105,000	1,090,000	33,245
Series 2011-A	1.50% - 3.35%	775,000	3/1/2011	10/1/2021	775,000	-	50,000	725,000	32,573
Series 2011-B	1.25% - 2.05%	3,900,000	12/1/2011	10/1/2021	3,900,000	-	325,000	3,575,000	56,846
Series 2004 Refunding	2.5% - 3.7%	3,070,000	7/1/2004	10/1/2012	370,000	-	370,000	-	13,690
Series 2009 - Streets / Waterline	1.90% - 4.20%	2,005,000	6/1/2009	10/1/2024	1,785,000	-	130,000	1,655,000	57,465
Series 2012-A	2.00% - 2.25%	5,620,000	3/6/2012	8/1/2025	-	5,620,000	170,000	5,450,000	47,515
Series 2012-B	1.00% - 1.75%	1,795,000	8/7/2012	10/1/2022	-	1,795,000	-	1,795,000	-
<b>Total General Obligation Bonds</b>					<b>8,039,245</b>	<b>7,415,000</b>	<b>1,164,245</b>	<b>14,290,000</b>	<b>241,760</b>
<b>Temporary Notes</b>									
Series 2011-1	1.15%	635,000	8/1/2011	10/1/2013	635,000	-	635,000	-	6,694
Series 2011-2	0.55%	250,000	12/1/2011	12/1/2013	250,000	-	250,000	-	1,031
Series 2010-1 City Hall	2.95%	150,000	5/15/2010	10/1/2013	100,000	-	50,000	50,000	2,950
<b>Total Temporary Notes</b>					<b>985,000</b>	<b>-</b>	<b>935,000</b>	<b>50,000</b>	<b>10,675</b>
<b>Revolving Loans, Kansas Department of Health and Environment &amp; Transportation</b>									
Mill Creek Bridge Project-TR0059	3.88%	72,000	1/4/2008	8/1/2012	14,377	-	14,377	-	558
WWTP Improvements-C20 134402	3.49%	2,169,247	3/8/2001	2/1/2026	888,332	-	71,392	816,941	30,385
Water Plant Project-#2277	3.80%	6,788,071	1/8/2002	9/1/2022	4,143,771	-	4,143,771	-	99,577
Water Tower-#2189	4.13%	5,480,086	1/16/2004	8/1/2026	1,593,401	-	1,593,401	-	41,621
Brick Streets and Sidewalks-TR0076	4.00%	400,000	5/6/2008	8/1/2027	230,224	9,050	73,455	165,820	9,011
Wall Street Klink Project-TR0122	4.00%	400,000	8/4/2009	8/1/2019	40,409	87,557	13,891	114,075	5,119
<b>Total Revolving Loans</b>					<b>6,910,515</b>	<b>96,607</b>	<b>5,910,286</b>	<b>1,096,835</b>	<b>186,272</b>
<b>Revenue Bonds</b>									
Sewer Utility, Series A,B 2005	4.25%	3,460,200	12/15/2005	12/15/2045	3,231,571	-	43,660	3,187,911	137,342
Sewer Utility, Series A 2001	4.75%	2,290,000	9/13/2001	9/13/2041	2,040,000	-	32,000	2,008,000	96,900
<b>Total Revenue Bonds</b>					<b>5,271,571</b>	<b>-</b>	<b>75,660</b>	<b>5,195,911</b>	<b>234,242</b>
<b>Capital Leases</b>									
2009 Freight Liner	4.08%	181,607	3/18/2010	4/1/2020	166,537	-	15,685	150,852	6,795
Police Cars	5.00%	79,806	5/27/2011	5/27/2013	51,896	-	25,315	26,581	2,595
Golf Course	4.00%	396,249	5/1/2012	4/1/2021	374,468	-	33,778	340,690	14,364
Golf Carts	0.00%	24,274	6/24/2009	6/30/2013	9,103	-	6,068	3,034	-
Excavator	1.98%	50,472	5/9/2012	5/25/2015	-	50,472	9,539	40,933	591
Lighting	2.45%	58,015	7/9/2012	7/9/2017	-	58,015	-	58,015	-
<b>Total Capital Leases</b>					<b>602,004</b>	<b>108,487</b>	<b>90,386</b>	<b>620,105</b>	<b>24,344</b>
<b>Compensated Absences</b>									
General Long Term Debt	N/A	N/A	N/A	N/A	368,918	40,485	-	409,403	-
Enterprise Funds	N/A	N/A	N/A	N/A	90,251	-	2,046	88,206	-
<b>Total Compensated Absences</b>					<b>459,169</b>	<b>40,485</b>	<b>-</b>	<b>497,609</b>	<b>-</b>
					<b>\$ 22,267,504</b>	<b>\$ 7,660,579</b>	<b>\$ 8,175,577</b>	<b>\$ 21,750,460</b>	<b>\$ 697,293</b>

Note Additional Drawdowns of \$104,992 and \$311,429 can be made from TR 0076 and TR0122 respectively

14. LONG TERM OBLIGATIONS (Continued)

Issue	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2027	2028 to 2032	2033 to 2037	2038 to 2042	2043 to 2047	Totals
<b>Principal</b>												
General Obligation Bonds	\$ 1,190,000	\$ 1,230,000	\$ 1,260,000	\$ 1,305,000	\$ 1,330,000	\$ 6,230,000	\$ 1,745,000	\$ -	\$ -	\$ -	\$ -	\$ 14,290,000
Temporary Notes	50,000	-	-	-	-	-	-	-	-	-	-	50,000
Revolving Loans, Kansas Department of Health & Environment & Transportation	96,656	100,169	103,810	107,583	111,494	511,056	66,067	-	-	-	-	1,096,835
Revenue Bonds	79,892	82,842	86,875	90,641	94,190	540,160	671,241	835,553	1,040,609	1,166,370	507,538	5,195,911
Capital Leases	108,830	81,925	74,554	69,913	72,593	212,290	-	-	-	-	-	620,105
<b>Total Principal</b>	<b>\$ 1,525,378</b>	<b>\$ 1,494,936</b>	<b>\$ 1,525,239</b>	<b>\$ 1,573,137</b>	<b>\$ 1,608,277</b>	<b>\$ 7,493,506</b>	<b>\$ 2,482,308</b>	<b>\$ 835,553</b>	<b>\$ 1,040,609</b>	<b>\$ 1,166,370</b>	<b>\$ 507,538</b>	<b>\$ 21,252,851</b>
<b>Interest</b>												
General Obligation Bonds	\$ 299,795	\$ 275,648	\$ 252,083	\$ 227,425	\$ 203,863	\$ 606,890	\$ 81,893	\$ -	\$ -	\$ -	\$ -	\$ 1,947,595
Temporary Notes	1,475	-	-	-	-	-	-	-	-	-	-	1,475
Revolving Loans, Kansas Department of Health & Environment & Transportation	39,084	35,572	31,931	28,157	24,246	59,701	8,111	-	-	-	-	226,802
Revenue Bonds	230,793	227,301	223,605	219,797	215,612	1,011,324	879,427	715,397	510,921	256,323	44,049	4,534,549
Capital Leases	22,581	18,541	15,782	13,187	10,525	15,489	-	-	-	-	-	96,106
<b>Total Interest</b>	<b>\$ 593,728</b>	<b>\$ 557,062</b>	<b>\$ 523,401</b>	<b>\$ 488,567</b>	<b>\$ 454,246</b>	<b>\$ 1,693,404</b>	<b>\$ 969,431</b>	<b>\$ 715,397</b>	<b>\$ 510,921</b>	<b>\$ 256,323</b>	<b>\$ 44,049</b>	<b>\$ 6,806,527</b>
<b>Total Principal and Interest</b>	<b>\$ 2,119,106</b>	<b>\$ 2,051,998</b>	<b>\$ 2,048,640</b>	<b>\$ 2,061,704</b>	<b>\$ 2,062,522</b>	<b>\$ 9,186,910</b>	<b>\$ 3,451,739</b>	<b>\$ 1,550,950</b>	<b>\$ 1,551,530</b>	<b>\$ 1,422,693</b>	<b>\$ 551,587</b>	<b>\$ 28,059,378</b>

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

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

RECREATION PROJECTS FUND Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Over (Under)
				Charged to Current Year Budget	Over (Under)	
General Fund	\$6,220,554.00	\$86,549.57	\$6,307,103.57	\$5,436,850.37	(\$870,253.20)	
Special Purposes Funds:						
Special Streets and Highways	368,963.00	-	368,963.00	278,826.07	(90,136.93)	
Library	242,795.00	-	242,795.00	242,795.00	-	
Promotion of Industry	471,000.00	-	471,000.00	146,797.38	(324,202.62)	
Library Employee Benefits	36,766.00	-	36,766.00	25,847.56	(10,918.44)	
Special Parks and Recreation	27,131.00	-	27,131.00	6,874.24	(20,256.76)	
Police and Fire Equipment	207,422.00	-	207,422.00	89,512.99	(117,909.01)	
Special Alcohol and Drug	18,961.00	-	18,961.00	9,900.00	(9,061.00)	
Community Improvement District	150,801.00	-	150,801.00	16,090.49	(134,710.51)	
Sewer Bond Reserve	-	-	-	-	-	
E911 Telephone Tax	126,498.00	-	126,498.00	66,451.42	(60,046.58)	
Recreation Projects	975,000.00	-	975,000.00	506,065.02	(468,934.98)	
Cellphone 911	112,254.00	-	112,254.00	109,641.43	(2,612.57)	
Tourism and Convention Promotion	40,561.00	-	40,561.00	40,000.00	(561.00)	
Rate Stabilization	811,435.00	-	811,435.00	471,757.88	(339,677.12)	
Bond and Interest Fund						
General Bond and Interest	219,659.00	-	219,659.00	214,944.65	(4,714.35)	
Business Funds:						
Water Utility	2,625,024.00	-	2,625,024.00	2,408,765.56	(216,258.44)	
Sewer Utility	1,275,529.00	-	1,275,529.00	1,100,933.31	(174,595.69)	
Storm Drain Utility	486,450.00	-	486,450.00	457,890.00	(28,560.00)	
	<u>\$14,416,803.00</u>					

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Cash Receipts</b>			
<b>Taxes</b>			
Ad Valorem property tax	\$1,605,439.40	\$1,694,331.00	(\$88,891.60)
Delinquent	129,499.08	50,000.00	79,499.08
Motor vehicle	186,196.77	164,399.00	21,797.77
Sales tax	1,269,252.60	1,869,096.00	(599,843.40)
Compensating use tax	212,725.94	160,000.00	52,725.94
Special assessments	3,607.19	5,000.00	(1,392.81)
<b>Intergovernmental</b>			
State special alcohol tax	12,551.19	15,292.00	(2,740.81)
Utility franchise taxes	732,224.05	760,000.00	(27,775.95)
Federal Emergency preparedness	20,676.09	-	20,676.09
State Emergency preparedness	2,756.81	-	2,756.81
KDOT STEP Grant-Federal	739.07	3,500.00	(2,760.93)
Corporate Commission-Federal	8,243.70	-	8,243.70
<b>Licenses and Permits</b>			
Licenses and permits	13,577.55	12,000.00	1,577.55
Other fees	3,819.00	3,500.00	319.00
<b>Fines, Forfeitures and Penalties</b>			
Municipal court fines	112,763.23	95,000.00	17,763.23
<b>Use of Money and Property</b>			
Interest earned	3,434.46	5,000.00	(1,565.54)
Golf course receipts	135,794.77	220,000.00	(84,205.23)
Donations	100.00	-	100.00
Swimming pool receipts	89,401.93	49,925.00	39,476.93
Memorial Hall receipts	2,900.00	1,000.00	1,900.00
Gunn Park receipts	881.00	2,000.00	(1,119.00)
Buck Run Com Center receipts	21,582.98	24,000.00	(2,417.02)
Lease income	79,343.50	19,000.00	60,343.50
Sales of property	4,541.35	-	4,541.35
<b>Other Income</b>			
Payments in lieu of taxes	30,852.63	35,000.00	(4,147.37)
Airport revenue	210,593.02	150,000.00	60,593.02
Miscellaneous	14,007.08	12,000.00	2,007.08
Dispatching services	80,000.00	80,000.00	-
Reimbursed Expenses	118,116.67	55,000.00	63,116.67
Shelter House Rental	3,105.00	3,000.00	105.00
Mercy Hospital participation	25,950.00	20,000.00	5,950.00
Neighborhood revitalization rebates	42,554.43	32,000.00	10,554.43
<b>Operating Transfer from Other Funds</b>			
Promotion of Industry Fund	25,000.00	-	25,000.00
Rate Stabilization	23,141.96	-	23,141.96
Water Utility	200,000.00	200,000.00	-
Sewage Utility	130,000.00	130,000.00	-
<b>Total Cash Receipts</b>	<u>5,555,372.45</u>	<u>\$5,870,043.00</u>	<u>(\$314,670.55)</u>

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Expenditures</b>			
Code Enforcement			
Personal services	\$99,689.96	\$93,981.00	\$5,708.96
Contractual services	36,739.65	83,450.00	(46,710.35)
Commodities	5,138.43	4,600.00	538.43
Capital outlay	-	1,000.00	(1,000.00)
General Government			
Personal services	341,986.04	312,300.00	29,686.04
Contractual services	245,861.94	275,300.00	(29,438.06)
Commodities	36,734.02	29,500.00	7,234.02
Capital outlay	13,469.26	22,500.00	(9,030.74)
Trolley Department			
Personal services	8,739.32	7,453.00	1,286.32
Contractual services	1,856.05	2,350.00	(493.95)
Commodities	3,396.42	5,197.00	(1,800.58)
Capital outlay	-	-	-
Street Department			
Personal services	362,941.46	382,100.00	(19,158.54)
Contractual services	73,659.59	131,300.00	(57,640.41)
Commodities	93,858.52	128,000.00	(34,141.48)
Capital outlay	6,857.98	-	6,857.98
Economic Development			
Personal services	41,667.44	67,651.00	(25,983.56)
Contractual services	11,489.51	60,365.00	(48,875.49)
Commodities	2,017.75	2,000.00	17.75
Capital outlay	-	-	-
Airport Department			
Personal services	68,049.86	70,240.00	(2,190.14)
Contractual services	38,698.30	28,750.00	9,948.30
Commodities	256,465.65	161,000.00	95,465.65
Capital outlay	-	5,000.00	(5,000.00)
Park Department			
Personal services	161,121.02	193,847.00	(32,725.98)
Contractual services	38,653.59	29,050.00	9,603.59
Commodities	34,931.86	49,500.00	(14,568.14)
Capital outlay	474.99	-	474.99
Swimming Pool Department			
Personal services	\$83,711.35	\$63,850.00	\$19,861.35
Contractual services	24,467.31	11,955.00	12,512.31
Commodities	24,864.96	11,500.00	13,364.96
Capital outlay	5,485.15	9,000.00	(3,514.85)

CITY OF FORT SCOTT, KANSAS  
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Expenditures			
Golf Course			
Personal services	124,521.65	159,374.00	(34,852.35)
Contractual services	45,274.32	32,620.00	12,654.32
Commodities	73,495.43	74,000.00	(504.57)
Capital outlay	1,823.54	10,000.00	(8,176.46)
Buck Run Community Center			
Personal services	31,085.47	37,275.00	(6,189.53)
Contractual services	92,085.32	118,060.00	(25,974.68)
Commodities	18,240.44	12,899.00	5,341.44
Capital outlay	1,952.46	5,000.00	(3,047.54)
Grand Memorial Theater			
Personal services	-	-	-
Contractual services	8,667.79	30,000.00	(21,332.21)
Commodities	8,895.68	-	8,895.68
Capital outlay	-	-	-
Animal Control			
Personal services	29,970.28	34,176.00	(4,205.72)
Contractual services	4,865.74	9,200.00	(4,334.26)
Commodities	1,694.32	3,000.00	(1,305.68)
Capital outlay	537.00	500.00	37.00
Police Department			
Personal services	1,011,367.06	1,080,210.00	(68,842.94)
Contractual services	87,120.91	97,450.00	(10,329.09)
Commodities	78,308.37	84,600.00	(6,291.63)
Capital outlay	629.00	2,500.00	(1,871.00)
Fire Department			
Personal services	684,481.04	711,331.00	(26,849.96)
Contractual services	62,871.76	78,800.00	(15,928.24)
Commodities	72,938.20	82,494.00	(9,555.80)
Capital outlay	8,775.05	7,000.00	1,775.05
Dispatch Center			
Personal services	318,689.76	330,230.00	(11,540.24)
Contractual services	7,508.40	10,200.00	(2,691.60)
Commodities	2,384.76	2,000.00	384.76
Capital outlay	1,255.26	500.00	755.26
Legislative			
Personal services	-	-	-
Contractual services	3,015.51	13,100.00	(10,084.49)
Commodities	3,143.04	-	3,143.04
Neighborhood Revitalization			
Contractual services	80,836.84	65,000.00	15,836.84

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Expenditures			
Debt Service			
Temporary Note			
Principal	12,500.00	12,500.00	-
Interest	2,212.50	738.00	1,474.50
Revolving Loan			
Principal	20,320.08	30,626.00	(10,305.92)
Interest	9,568.96	14,790.00	(5,221.04)
Other	-	-	-
Debt Service on Lease Purchase			
Principal and Interest	57,587.05	11,142.00	46,445.05
Debt Service on General Obligation Bonds			
Principal	-	330,000.00	(330,000.00)
Interest	-	136,500.00	(136,500.00)
Operating Transfers to Other Funds			
Equipment Reserve	65,000.00	65,000.00	-
Special Streets and Highways	115,000.00	115,000.00	-
Capital Improvements	165,000.00	165,000.00	-
KDOT State Airport Grant	-	-	-
Police ARRA Grant	200.00	5,000.00	(4,800.00)
Fire Fitness Grant	-	-	-
Runway Rehab Grant	-	-	-
FAA Projects Grant	-	-	-
Subtotal		6,220,554.00	
Adjustments for Qualifying Budget Credits			
Grants	-	23,432.90	(23,432.90)
Reimbursements in excess of budget	-	63,116.67	(63,116.67)
Total Expenditures	<u>5,436,850.37</u>	<u>\$6,307,103.57</u>	<u>(\$870,253.20)</u>
Receipts Over (Under) Expenditures	118,522.08		
Prior Year Canceled Encumbrances	24,288.13		
Unencumbered Cash, Beginning	<u>664,505.12</u>		
Unencumbered Cash, Ending	<u><u>\$807,315.33</u></u>		

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
State gasoline tax	\$208,235.60	\$215,200.00	(\$6,964.40)
State connecting links	7,409.08		7,409.08
Other Receipts			
Reimbursed expenses	14,038.07	7,000.00	7,038.07
Operating Transfer from Other Funds			
General	115,000.00	100,000.00	15,000.00
Total Cash Receipts	<u>344,682.75</u>	<u>\$322,200.00</u>	<u>\$22,482.75</u>
Expenditures			
Public Streets			
Contractual services	95,673.40	-	\$95,673.40
Commodities	39,998.16	-	39,998.16
Capital outlay	124,144.85	281,500.00	(157,355.15)
Debt Service on General Obligation Bonds			
Principal	-	25,000.00	(25,000.00)
Interest	-	11,025.00	(11,025.00)
Debt Service on Temporary Note			
Interest	-	-	-
Debt Service on Revolving Loan			
Principal	13,891.02	38,662.00	(24,770.98)
Interest	5,118.64	12,776.00	(7,657.36)
Debt Service on Lease Purchase			
Principal and Interest	-	-	-
Total Expenditures	<u>278,826.07</u>	<u>\$368,963.00</u>	<u>(\$90,136.93)</u>
Receipts Over (Under) Expenditures	65,856.68		
Prior Year Encumbrances Canceled	9,271.01		
Unencumbered Cash, Beginning	<u>376,780.35</u>		
Unencumbered Cash, Ending	<u>\$451,908.04</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad Valorem property tax	\$211,102.43	\$222,563.00	(\$11,460.57)
Delinquent	15,946.43		15,946.43
Motor vehicle tax	22,450.45	20,232.00	2,218.45
<b>Total Cash Receipts</b>	<u>249,499.31</u>	<u>242,795.00</u>	<u>\$6,704.31</u>
Expenditures			
Recreation			
Appropriation to Library Board	242,795.00	\$242,795.00	-
<b>Total Expenditures</b>	<u>242,795.00</u>	<u>\$242,795.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	6,704.31		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$6,704.31</u>		

**CITY OF FORT SCOTT, KANSAS**  
**PROMOTION OF INDUSTRY FUND**

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad Valorem property tax	\$21,053.67	\$22,200.00	(\$1,146.33)
Delinquent	1,710.59	-	1,710.59
Motor vehicle tax	2,366.95	2,124.00	242.95
Other Receipts			
Miscellaneous	4,570.29	-	4,570.29
Lease Income	141,466.49	138,000.00	3,466.49
<b>Total Cash Receipts</b>	<u>171,167.99</u>	<u>\$162,324.00</u>	<u>\$8,843.99</u>
Expenditures			
Economic Development			
Contractual services	45,649.58	\$96,000.00	(\$50,350.42)
Commodities	5,563.36	50,000.00	(44,436.64)
Capital outlay	70,584.44	325,000.00	(254,415.56)
Operating Transfers to Other Funds			
General Fund	25,000.00	-	25,000.00
<b>Total Expenditures</b>	<u>146,797.38</u>	<u>\$471,000.00</u>	<u>(\$324,202.62)</u>
Receipts Over (Under) Expenditures	24,370.61		
Prior Year Encumbrances Canceled	-		
Unencumbered Cash, Beginning	<u>392,692.22</u>		
Unencumbered Cash, Ending	<u>\$417,062.83</u>		

**CITY OF FORT SCOTT, KANSAS**  
**EQUIPMENT RESERVE FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Receipts	
Reimbursed Expenses	\$26,317.85
Operating Transfer from Other Funds	
General	65,000.00
Total Cash Receipts	91,317.85
Expenditures	
General Government	
Capital outlay	140,637.79
Total Expenditures	140,637.79
Receipts Over (Under) Expenditures	(49,319.94)
Unencumbered Cash, Beginning	213,950.29
Unencumbered Cash, Ending	\$164,630.35

**CITY OF FORT SCOTT, KANSAS**  
**LIBRARY EMPLOYEE BENEFITS FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Cash Receipts</b>			
<b>Taxes</b>			
Ad Valorem property tax	\$20,834.91	\$34,045.00	(\$13,210.09)
Delinquent	2,026.49		2,026.49
Motor vehicle tax	2,986.16	2,721.00	265.16
<b>Total Cash Receipts</b>	<u>25,847.56</u>	<u>\$36,766.00</u>	<u>(\$10,918.44)</u>
<b>Expenditures</b>			
<b>Recreation</b>			
Appropriation to Library Board	25,847.56	\$36,766.00	(\$10,918.44)
<b>Total Expenditures</b>	<u>25,847.56</u>	<u>\$36,766.00</u>	<u>(\$10,918.44)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>-</u>		

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
State special alcohol tax	\$12,551.18	\$15,292.00	(\$2,740.82)
Other Receipts			
Miscellaneous	-	-	-
Total Cash Receipts	<u>12,551.18</u>	<u>\$15,292.00</u>	<u>(\$2,740.82)</u>
Expenditures			
Recreation			
Contractual services	4,377.77	-	\$4,377.77
Commodities	-	-	-
Capital outlay	2,496.47	27,131.00	(24,634.53)
Total Expenditures	<u>6,874.24</u>	<u>\$27,131.00</u>	<u>(\$20,256.76)</u>
Receipts Over (Under) Expenditures	5,676.94		
Unencumbered Cash, Beginning	<u>33,527.19</u>		
Unencumbered Cash, Ending	<u>\$39,204.13</u>		

**CITY OF FORT SCOTT, KANSAS**  
**POLICE AND FIRE EQUIPMENT FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad Valorem property tax	\$80,995.17	\$90,523.00	(\$9,527.83)
Delinquent	5,921.00	-	5,921.00
Motor vehicle tax	7,669.31	8,202.00	(532.69)
<b>Total Cash Receipts</b>	<u>94,585.48</u>	<u>\$98,725.00</u>	<u>(\$4,139.52)</u>
Expenditures			
Public Safety			
Capital outlay	39,123.16	\$154,500.00	(\$115,376.84)
Debt Service on Lease Purchase			
Principal and Interest	50,389.83	52,922.00	(2,532.17)
<b>Total Expenditures</b>	<u>89,512.99</u>	<u>\$207,422.00</u>	<u>(\$117,909.01)</u>
Receipts Over (Under) Expenditures	5,072.49		
Prior Year Encumbrances Canceled	-		
Unencumbered Cash, Beginning	<u>150,184.95</u>		
Unencumbered Cash, Ending	<u>\$155,257.44</u>		

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL ALCOHOL AND DRUG FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
State special alcohol tax	\$12,551.18	\$15,292.00	(\$2,740.82)
Total Cash Receipts	<u>12,551.18</u>	<u>\$15,292.00</u>	<u>(\$2,740.82)</u>
Expenditures			
Public Safety			
Contractual services	9,900.00	\$18,961.00	(\$9,061.00)
Total Expenditures	<u>9,900.00</u>	<u>\$18,961.00</u>	<u>(\$9,061.00)</u>
Receipts Over (Under) Expenditures	2,651.18		
Unencumbered Cash, Beginning	<u>17,938.15</u>		
Unencumbered Cash, Ending	<u>\$20,589.33</u>		

**CITY OF FORT SCOTT, KANSAS**  
**COMMUNITY IMPROVEMENT DISTRICT FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
Sales tax	\$21,407.48	\$150,000.00	(\$128,592.52)
Total Cash Receipts	<u>21,407.48</u>	<u>\$150,000.00</u>	<u>(\$128,592.52)</u>
Expenditures			
General Government			
Contractual services	16,090.49	\$150,801.00	(\$134,710.51)
Total Expenditures	<u>16,090.49</u>	<u>\$150,801.00</u>	<u>(\$134,710.51)</u>
Receipts Over (Under) Expenditures	5,316.99		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$5,316.99</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
Special telephone tax	\$55,206.93	\$45,000.00	\$10,206.93
Residual Equity Transfer from Other Funds			
Cellphone 911	98,432.10	-	98,432.10
<b>Total Cash Receipts</b>	<u>153,639.03</u>	<u>\$45,000.00</u>	<u>\$108,639.03</u>
Expenditures			
Public Safety			
Contractual services	63,021.98	\$60,000.00	\$3,021.98
Capital outlay	3,429.44	66,498.00	(63,068.56)
<b>Total Expenditures</b>	<u>66,451.42</u>	<u>\$126,498.00</u>	<u>(\$60,046.58)</u>
Receipts Over (Under) Expenditures	87,187.61		
Prior Year Encumbrances Canceled	-		
Unencumbered Cash, Beginning	<u>99,674.47</u>		
Unencumbered Cash, Ending	<u>\$186,862.08</u>		

**CITY OF FORT SCOTT, KANSAS**  
**RECREATION PROJECTS FUND**

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
Sales tax	\$621,349.08	\$675,000.00	(\$53,650.92)
Use of Property and Money			
Proceeds from Bonds	-	-	-
Other Receipts			
Miscellaneous	-	-	-
<b>Total Cash Receipts</b>	<u>621,349.08</u>	<u>\$675,000.00</u>	<u>(\$53,650.92)</u>
Expenditures			
Recreation			
Contractual	123,514.01	-	\$123,514.01
Capital outlay	705.17	508,500.00	(507,794.83)
Debt Service on Bonds			
Principal	325,000.00	330,000.00	(5,000.00)
Interest	56,845.84	136,500.00	(79,654.16)
<b>Total Expenditures</b>	<u>506,065.02</u>	<u>\$975,000.00</u>	<u>(\$468,934.98)</u>
Receipts Over (Under) Expenditures	115,284.06		
Prior Year Canceled Encumbrances	9,572.75		
Unencumbered Cash, Beginning	<u>217,213.15</u>		
Unencumbered Cash, Ending	<u>\$342,069.96</u>		

## CITY OF FORT SCOTT, KANSAS

## CELLPHONE 911 FUND

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
Special telephone tax	\$30,080.87	\$75,000.00	(\$44,919.13)
Other Receipts			
Miscellaneous	-	-	-
<b>Total Cash Receipts</b>	<u>30,080.87</u>	<u>\$75,000.00</u>	<u>(\$44,919.13)</u>
Expenditures			
Public Safety			
Contractual services	11,209.33	\$62,254.00	(\$51,044.67)
Capital outlay	-	-	-
Residual Equity Transfers to Other Funds			
E911 Telephone Tax Fund	98,432.10	50,000.00	48,432.10
<b>Total Expenditures</b>	<u>109,641.43</u>	<u>\$112,254.00</u>	<u>(\$2,612.57)</u>
Receipts Over (Under) Expenditures	(79,560.56)		
Unencumbered Cash, Beginning	<u>79,560.56</u>		
Unencumbered Cash, Ending	<u>-</u>		

**CITY OF FORT SCOTT, KANSAS**  
**CAPITAL IMPROVEMENTS FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Receipts	
Miscellaneous	\$6,450.00
Operating Transfers from Other Funds	
General	165,000.00
<b>Total Cash Receipts</b>	<b>171,450.00</b>
Expenditures	
Capital Improvements	
Capital Outlay	68,745.97
<b>Total Expenditures</b>	<b>68,745.97</b>
Receipts Over (Under) Expenditures	102,704.03
Prior Year Encumbrances Canceled	-
Unencumbered Cash, Beginning	240,408.40
Unencumbered Cash, Ending	<b>\$343,112.43</b>

**CITY OF FORT SCOTT, KANSAS  
TRANSIENT GUEST TAX FUND**

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
State guest tax	\$53,293.80	\$35,000.00	\$18,293.80
Total Cash Receipts	<u>53,293.80</u>	<u>\$35,000.00</u>	<u>\$18,293.80</u>
Expenditures			
Economic Development			
Contractual services	40,000.00	40,561.00	(\$561.00)
Capital outlay	-	-	-
Total Expenditures	<u>40,000.00</u>	<u>\$40,561.00</u>	<u>(\$561.00)</u>
Receipts Over (Under) Expenditures	13,293.80		
Prior Year Canceled Encumbrances	-		
Unencumbered Cash, Beginning	<u>17,048.54</u>		
Unencumbered Cash, Ending	<u>\$30,342.34</u>		

**CITY OF FORT SCOTT, KANSAS**  
**RATE STABILIZATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Intergovernmental			
Sales tax	\$686,554.70	\$675,000.00	\$11,554.70
<b>Total Cash Receipts</b>	<b>686,554.70</b>	<b>\$675,000.00</b>	<b>\$11,554.70</b>
Expenditures			
Public Works			
Capital outlay	-	\$182,000.00	(\$182,000.00)
Debt Service on Revenue Bonds			
Principal	75,660.02	75,660.00	0.02
Interest	234,241.77	234,242.00	(0.23)
Debt Service on General Obligation Bonds			
Principal	10,000.00	80,000.00	(70,000.00)
Interest	11,523.38	44,518.00	(32,994.62)
Debt Service on Temporary Notes			
Principal	12,500.00	12,500.00	-
Interest	2,913.75	738.00	2,175.75
Debt Service on Revolving Loans			
Principal	71,391.72	151,392.00	(80,000.28)
Interest	30,385.28	30,385.00	0.28
Operating Transfers to Other Funds			
General Fund	23,141.96	-	23,141.96
<b>Total Expenditures</b>	<b>471,757.88</b>	<b>\$811,435.00</b>	<b>(\$339,677.12)</b>
Receipts Over (Under) Expenditures	214,796.82		
Prior Year Canceled Encumbrances	-		
Unencumbered Cash, Beginning	923,653.38		
Unencumbered Cash, Ending	<u>\$1,138,450.20</u>		

**CITY OF FORT SCOTT, KANSAS**  
**GENERAL BOND AND INTEREST FUND**  
 Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad Valorem property tax	\$153,799.41	\$162,287.00	(\$8,487.59)
Motor vehicle	8,015.94	9,485.00	(1,469.06)
Special assessments	-	-	-
Delinquent	4,669.84	-	4,669.84
Operating Transfer from Other Funds			
Street & Sidewalk Project	228,104.31	-	228,104.31
Building Project	47,524.17	-	47,524.17
<b>Total Cash Receipts</b>	<u>442,113.67</u>	<u>\$171,772.00</u>	<u>\$222,817.50</u>
Expenditures			
Debt Service on Bonds			
Principal	165,000.00	\$164,530.00	\$470.00
Interest	49,944.65	55,129.00	(5,184.35)
Other	-	-	-
<b>Total Expenditures</b>	<u>214,944.65</u>	<u>\$219,659.00</u>	<u>(\$4,714.35)</u>
Receipts Over (Under) Expenditures	227,169.02		
Unencumbered Cash, Beginning	<u>44,000.21</u>		
Unencumbered Cash, Ending	<u>\$271,169.23</u>		

**CITY OF FORT SCOTT, KANSAS**  
**BRIDGE PROJECT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Use of Property and Money	
Proceeds from Bonds	\$436,322.00
Other Receipts	
Miscellaneous	-
	-
Total Cash Receipts	436,322.00
Expenditures	
Public Streets	
Contractual	391,077.68
Debt Service on Temporary Notes	
Principal	329,326.80
Residual Equity Transfers to Other Funds	
General Bond and Interest	47,524.17
	47,524.17
Total Expenditures	767,928.65
Receipts Over (Under) Expenditures	(331,606.65)
Unencumbered Cash, Beginning	329,272.20
Unencumbered Cash, Ending	(\$2,334.45)

**CITY OF FORT SCOTT, KANSAS**  
**STREET PROJECTS FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal grants	\$164,316.57
Other Receipts	
Miscellaneous	-
	<u>                    -</u>
Total Cash Receipts	<u>164,316.57</u>
Expenditures	
Public Streets	
Contractual	4,752.45
Capital outlay	-
	<u>                    -</u>
Total Expenditures	<u>4,752.45</u>
Receipts Over (Under) Expenditures	159,564.12
Prior Year Canceled Encumbrances	78,313.77
Unencumbered Cash, Beginning	<u>(250,889.11)</u>
Unencumbered Cash, Ending	<u><u>(\$13,011.22)</u></u>

CITY OF FORT SCOTT, KANSAS  
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Cash Receipts</b>			
Operating Revenue			
Charges for services	\$2,521,184.11	\$2,500,000.00	\$21,184.11
Other charges	137,052.47	55,000.00	82,052.47
Fishing, boating and camping fees	28,919.76	22,000.00	6,919.76
Lake lot leases	18,875.00	20,000.00	(1,125.00)
Nonoperating Revenue			
KDH&E grant	6,494.00	-	6,494.00
Reimbursed expenses	19,370.93	5,000.00	14,370.93
Miscellaneous	11,911.46	5,000.00	6,911.46
Proceeds from GO Bonds	49,230.93	-	49,230.93
Residual Equity Transfer from other Funds			
Water Tower Fund	10,346.15	-	10,346.15
<b>Total Cash Receipts</b>	<b>2,803,384.81</b>	<b>\$2,607,000.00</b>	<b>\$196,384.81</b>
<b>Expenditures and Transfers Subject to Budget</b>			
Water Production			
Personal services	238,615.54	\$268,660.00	(\$30,044.46)
Contractual services	259,280.70	219,267.00	40,013.70
Commodities	239,975.40	240,750.00	(774.60)
Capital outlay	(50,884.92)	51,000.00	(101,884.92)
Water Distribution			
Personal services	213,424.07	292,165.00	(78,740.93)
Contractual services	56,530.47	61,350.00	(4,819.53)
Commodities	61,263.28	60,150.00	1,113.28
Capital outlay	194,023.16	284,800.00	(90,776.84)
Water Administration			
Personal services	161,632.23	171,730.00	(10,097.77)
Contractual services	158,820.18	139,800.00	19,020.18
Commodities	6,501.07	8,000.00	(1,498.93)
Capital outlay	2,804.52	51,000.00	(48,195.48)
Water Lake Maintenance			
Personal services	16,139.55	22,226.00	(6,086.45)
Contractual services	15,513.49	18,450.00	(2,936.51)
Commodities	13,898.31	21,600.00	(7,701.69)
Capital outlay	-	25,000.00	(25,000.00)
Debt Service on General Obligation Bonds			
Principal	245,000.00	15,000.00	230,000.00
Interest	91,908.00	5,425.00	86,483.00
Other	-	-	-
Debt Service on Revolving Loans			
Principal	156,070.94	235,178.00	(79,107.06)
Interest	111,635.39	220,235.00	(108,599.61)

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Expenditures</b>			
Debt Service on Temporary Notes			
Principal	\$12,500.00	\$12,500.00	-
Interest	737.50	738.00	(0.50)
Debt Service on Lease Purchase			
Principal and Interest	3,376.68	-	3,376.68
Operating Transfers to Other Funds			
General	200,000.00	200,000.00	-
Water Tower Improvement	-	-	-
<b>Total Expenditures</b>	<u>2,408,765.56</u>	<u>\$2,625,024.00</u>	<u>(\$216,258.44)</u>
Receipts Over (Under) Expenditures	394,619.25		
Prior Year Canceled Encumbrances	29,751.25		
Unencumbered Cash, Beginning	<u>934,437.86</u>		
Unencumbered Cash, Ending	<u>\$1,358,808.36</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
Cash Receipts			
Operating Revenue			
Charges for services	\$1,020,912.98	\$1,037,828.00	(\$16,915.02)
Nonoperating Revenue			
Reimbursed Expenses	4,302.25	-	4,302.25
Miscellaneous	223,387.60	121,280.00	102,107.60
Operating Transfer from Other Funds			
Wastewater Projects	-	-	-
<b>Total Cash Receipts</b>	<b>1,248,602.83</b>	<b>\$1,159,108.00</b>	<b>\$89,494.83</b>
Expenditures			
Wastewater Plant			
Personal services	278,617.02	\$285,607.00	(\$6,989.98)
Contractual services	228,144.66	322,130.00	(93,985.34)
Commodities	65,780.12	75,450.00	(9,669.88)
Capital outlay	8,750.19	39,500.00	(30,749.81)
Wastewater Collections			
Personal services	131,677.37	136,230.00	(4,552.63)
Contractual services	36,932.12	32,700.00	4,232.12
Commodities	53,123.91	24,250.00	28,873.91
Capital outlay	120,249.74	80,000.00	40,249.74
Debt Service on General Obligation Bonds			
Principal	-	45,000.00	(45,000.00)
Interest	-	22,480.00	(22,480.00)
Debt Service on Temporary Notes			
Principal	12,500.00	12,500.00	-
Interest	737.50	738.00	(0.50)
Debt Service on Lease Purchase			
Principal and Interest	3,376.68	-	3,376.68
Operating Transfers to Other Funds			
General	130,000.00	130,000.00	-
Sewer Bond Reserve	31,044.00	68,944.00	(37,900.00)
<b>Total Expenditures</b>	<b>1,100,933.31</b>	<b>\$1,275,529.00</b>	<b>(\$174,595.69)</b>
Receipts Over (Under) Expenditures	147,669.52		
Prior Year Canceled Encumbrances	9,875.14		
Unencumbered Cash, Beginning	589,138.31		
Unencumbered Cash, Ending	<u>\$746,682.97</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget	Variance - Over (Under)
<b>Cash Receipts</b>			
<b>Operating Revenue</b>			
Charges for services	\$217,745.39	\$220,000.00	(\$2,254.61)
<b>Nonoperating Revenue</b>			
Federal Emergency preparedness	54,918.75	-	54,918.75
State Emergency preparedness	7,322.50	-	7,322.50
Special assessments	1,656.89	-	1,656.89
Proceeds from GO Bonds	-	-	-
Miscellaneous	-	-	-
Operating Transfer from Other Funds			
Seventh & National Storm Drain Fund	-	-	-
<b>Total Cash Receipts</b>	<u>281,643.53</u>	<u>\$220,000.00</u>	<u>\$61,643.53</u>
<b>Expenditures</b>			
<b>Nonoperating Expenses</b>			
Capital Outlays	21,440.00	\$50,000.00	(\$28,560.00)
<b>Debt Service on General Obligation Bonds</b>			
Principal	405,000.00	405,000.00	-
Interest	31,450.00	31,450.00	-
Other	-	-	-
<b>Total Expenditures</b>	<u>457,890.00</u>	<u>\$486,450.00</u>	<u>(\$28,560.00)</u>
<b>Receipts Over (Under) Expenditures</b>	(176,246.47)		
<b>Prior Year Canceled Encumbrances</b>	9,870.00		
<b>Unencumbered Cash, Beginning</b>	<u>691,930.70</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$525,554.23</u>		

**CITY OF FORT SCOTT, KANSAS**  
**SEWER BOND RESERVE FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Operating Transfer from Other Funds	
Sewer Utility Fund	\$31,044.00
Total Cash Receipts	31,044.00
Expenditures	
Public Works	
Contractual services	-
Total Expenditures	-
Receipts Over (Under) Expenditures	31,044.00
Unencumbered Cash, Beginning	241,038.00
Unencumbered Cash, Ending	\$272,082.00

**CITY OF FORT SCOTT, KANSAS**  
**WASTEWATER PROJECTS FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Use of Property and Money	
Proceeds from Bonds	\$425,513.00
Other Receipts	
Miscellaneous	-
	-
Total Cash Receipts	425,513.00
Expenditures	
Public Works	
Contractual	6,723.61
Capital outlay	-
Debt Service	
Temporary Note	
Principal	407,750.17
Interest	-
Operating Transfers to Other Funds	
Sewage Utility	-
	-
Total Expenditures	414,473.78
Receipts Over (Under) Expenditures	11,039.22
Prior Year Canceled Encumbrances	2,302.80
Unencumbered Cash, Beginning	102,879.67
Unencumbered Cash, Ending	\$116,221.69

**CITY OF FORT SCOTT, KANSAS**  
**WATER PROJECT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Use of Property and Money	
Proceeds from Bonds	\$295,371.00
Other Receipts	
Miscellaneous	-
	-
Total Cash Receipts	295,371.00
Expenditures	
Public Works	
Contractual	-
Capital outlay	133,027.86
Debt Service on Temporary Notes	
Principal	151,996.99
Interest	-
Residual Equity Transfers to Other Funds	
Water Utility	10,346.15
	10,346.15
Total Expenditures	295,371.00
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**KDOT STATE AIRPORT GRANT**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
KDOT State aid	\$34,675.00
Operating Transfers from Other Funds	
General	-
	-
Total Cash Receipts	34,675.00
Expenditures	
Public Transportation	
Contractual services	1,847.39
	1,847.39
Total Expenditures	1,847.39
Receipts Over (Under) Expenditures	32,827.61
Prior Year Canceled Encumbrances	6,913.24
Unencumbered Cash, Beginning	(39,740.85)
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**MUNICIPAL COURT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Fines, Forfeitures and Penalties	
Municipal court fines	\$20,695.52
Total Cash Receipts	20,695.52
Expenditures	
General Government	
Contractual services	21,132.02
Total Expenditures	21,132.02
Receipts Over (Under) Expenditures	(436.50)
Unencumbered Cash, Beginning	436.50
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**FIRE INSURANCE PROCEEDS FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Other Receipts	
Insurance proceeds	<u>\$3,525.00</u>
Total Cash Receipts	<u>3,525.00</u>
Expenditures	
Public Safety	
Contractual services	<u>3,525.00</u>
Total Expenditures	<u>3,525.00</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

CITY OF FORT SCOTT, KANSAS  
20TH CENTURY VETERANS MEMORIAL FUND  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Other Receipts	
Donations	<u>\$210.00</u>
Total Cash Receipts	<u>210.00</u>
Expenditures	
Recreation	
Contractual services	175.00
Commodities	<u>-</u>
Total Expenditures	<u>175.00</u>
Receipts Over (Under) Expenditures	35.00
Unencumbered Cash, Beginning	<u>13,603.16</u>
Unencumbered Cash, Ending	<u><u>\$13,638.16</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**MEDICAL REIMBURSEMENT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Receipts	
Miscellaneous	\$758.32
Total Cash Receipts	758.32
Expenditures	
Employee Benefits	
Contractual services	883.03
Total Expenditures	883.03
Receipts Over (Under) Expenditures	(124.71)
Unencumbered Cash, Beginning	124.71
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**SALES TAX FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Sales tax	\$41,860.51
Total Cash Receipts	41,860.51
Expenditures	
General Government	
Contractual services	41,860.51
Total Expenditures	41,860.51
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

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

Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal grants	\$40,796.25
Other grants	-
Other Receipts	
Miscellaneous	<u>42,837.11</u>
Total Cash Receipts	<u>83,633.36</u>
Expenditures	
General Government	
Contractual services	9,670.12
Commodities	405.85
Capital outlay	<u>5,245.00</u>
Total Expenditures	<u>15,320.97</u>
Receipts Over (Under) Expenditures	68,312.39
Unencumbered Cash, Beginning	<u>(7,510.41)</u>
Unencumbered Cash, Ending	<u><u>\$60,801.98</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**RIVERFRONT PROJECT GRANT**

Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal Emergency preparedness	-
State Emergency preparedness	-
	<u>                    -</u>
Total Cash Receipts	<u>                    -</u>
Expenditures	
Public Safety	
Capital outlay	87,300.00
	<u>                    87,300.00</u>
Total Expenditures	<u>                    87,300.00</u>
Receipts Over (Under) Expenditures	(87,300.00)
Prior Year Canceled Encumbrances	-
Unencumbered Cash, Beginning	<u>                    -</u>
Unencumbered Cash, Ending	<u>                  (\$87,300.00)</u>

**CITY OF FORT SCOTT, KANSAS**  
**POLICE ARRA GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal grant	\$5,410.71
Operating Transfers from Other Funds	
General	200.00
Total Cash Receipts	5,610.71
Expenditures	
Public Safety	
Contractual	-
Capital outlay	3,998.00
Total Expenditures	3,998.00
Receipts Over (Under) Expenditures	1,612.71
Unencumbered Cash, Beginning	(1,612.71)
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**911 GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
State 911 grant	\$60,360.00
Total Cash Receipts	60,360.00
Expenditures	
Public Safety	
Contractual	-
Capital outlay	-
Total Expenditures	-
Receipts Over (Under) Expenditures	60,360.00
Unencumbered Cash, Beginning	(60,360.00)
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**CDBG HOUSING GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal Grant	\$120,542.00
Total Cash Receipts	120,542.00
Expenditures	
Economic Development	
Contractual services	68,169.83
Total Expenditures	68,169.83
Receipts Over (Under) Expenditures	52,372.17
Prior Year Canceled Encumbrances	-
Unencumbered Cash, Beginning	(52,392.49)
Unencumbered Cash, Ending	(\$20.32)

**CITY OF FORT SCOTT, KANSAS**  
**BJA BULLETPROOF VESTS GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal Grant	\$1,960.72
Total Cash Receipts	1,960.72
Expenditures	
Public Safety	
Commodities	-
Capital outlay	1,960.72
Total Expenditures	1,960.72
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**STREET AND SIDEWALKS PROJECT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Proceeds from Long Term Debt	
Principal Received on Bonds	\$638,772.01
Total Cash Receipts	638,772.01
Expenditures	
Public Safety	
Personnel services	-
Contractual services	544,401.99
Operating Transfers to Other Funds	
General Bond & Interest	228,104.31
Total Expenditures	772,506.30
Receipts Over (Under) Expenditures	(133,734.29)
Prior Year Canceled Encumbrances	11,825.22
Unencumbered Cash, Beginning	216,279.09
Unencumbered Cash, Ending	\$94,370.02

**CITY OF FORT SCOTT, KANSAS**  
**HORTON FEMA PROJECT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal Emergency preparedness	-
State Emergency preparedness	-
Other Receipts	
Miscellaneous	-
	<u>          -</u>
Total Cash Receipts	<u>          -</u>
Expenditures	
Public Transportation	
Contractual	-
Capital outlay	-
	<u>          -</u>
Total Expenditures	<u>          -</u>
Receipts Over (Under) Expenditures	-
Prior Year Canceled Encumbrances	-
Unencumbered Cash, Beginning	<u>          -</u>
Unencumbered Cash, Ending	<u><u>          -</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**YAT ELLIS PARK PROJECT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Receipts	
Miscellaneous	\$208,648.95
Total Cash Receipts	208,648.95
Expenditures	
Recreation	
Contractual services	173,116.43
Commodities	19,780.31
Capital outlay	-
Total Expenditures	192,896.74
Receipts Over (Under) Expenditures	15,752.21
Unencumbered Cash, Beginning	72,435.33
Unencumbered Cash, Ending	\$88,187.54

**CITY OF FORT SCOTT, KANSAS**  
**PHOENIX PROJECT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Receipts	
Miscellaneous	\$700.00
Total Cash Receipts	700.00
Expenditures	
General Government	
Contractual services	-
Commodities	1,050.00
Total Expenditures	1,050.00
Receipts Over (Under) Expenditures	(350.00)
Prior Year Encumbrances Canceled	-
Unencumbered Cash, Beginning	7,499.32
Unencumbered Cash, Ending	\$7,149.32

## CITY OF FORT SCOTT, KANSAS

## GNAT PROJECT FUND

Schedule of Receipts and Expenditures - Actual, Regulatory Basis

For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Other Revenue	
Miscellaneous	<u>\$4,610.00</u>
Total Cash Receipts	<u>4,610.00</u>
Expenditures	
Public Safety	
Capital outlay	<u>9,395.54</u>
Total Expenditures	<u>9,395.54</u>
Receipts Over (Under) Expenditures	(4,785.54)
Unencumbered Cash, Beginning	<u>9,876.74</u>
Unencumbered Cash, Ending	<u><u>\$5,091.20</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**BRICK STREET AND SIDEWALK GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
KDOT grant	\$104,649.36
Other Revenue	
Miscellaneous	<u>9,049.95</u>
Total Cash Receipts	<u>113,699.31</u>
Expenditures	
Public Streets	
Contractual	-
Debt Service on Revolving Loans	
Principal	<u>67,511.55</u>
Total Expenditures	<u>67,511.55</u>
Receipts Over (Under) Expenditures	46,187.76
Unencumbered Cash, Beginning	<u>(46,187.76)</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**KLINK WALL STREET PROJECT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
State grant	-
Total Cash Receipts	-
Expenditures	
Public Transportation	
Capital outlay	-
Total Expenditures	-
Receipts Over (Under) Expenditures	-
Prior Year Encumbrances Canceled	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**SPECIAL LAW ENFORCEMENT TRUST FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Other Revenue	
Miscellaneous	<u>\$1,369.17</u>
Total Cash Receipts	<u>1,369.17</u>
Expenditures	
Public Safety	
Contractual services	138.00
Commodities	-
Capital outlay	<u>-</u>
Total Expenditures	<u>138.00</u>
Receipts Over (Under) Expenditures	1,231.17
Unencumbered Cash, Beginning	<u>23,541.33</u>
Unencumbered Cash, Ending	<u><u>\$24,772.50</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**SEVENTH AND NATIONAL STORM DRAIN PROJECT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Proceeds from Long Term Debt	
Principal Received on Bonds	-
Total Cash Receipts	<u>-</u>
Expenditures	
Public Safety	
Contractual	-
Capital outlay	-
Operating Transfers to Other Funds	
Storm Drain Utility	-
Total Expenditures	<u>-</u>
Receipts Over (Under) Expenditures	-
Prior Year Encumbrances Canceled	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**SAFE GRANT FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
State Grant	\$1,250.00
Other Revenue	
Miscellaneous	-
	-
Total Cash Receipts	1,250.00
Expenditures	
Public Safety	
Commodities	862.74
Capital outlay	-
	-
Total Expenditures	862.74
Receipts Over (Under) Expenditures	387.26
Unencumbered Cash, Beginning	2,451.10
Unencumbered Cash, Ending	\$2,838.36

**CITY OF FORT SCOTT, KANSAS**  
**SKATE FOR SCHOLARS FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Other Revenue	
Private Grant	\$7,997.39
Donations	38,910.16
	46,907.55
Total Cash Receipts	46,907.55
Expenditures	
General Government	
Contractual services	85,137.21
Capital outlay	3,060.34
	88,197.55
Total Expenditures	88,197.55
Receipts Over (Under) Expenditures	(41,290.00)
Unencumbered Cash, Beginning	41,290.00
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**BUCK RUN COMMUNITY CENTER YMCA FUND**  
Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Other Receipts	
Miscellaneous	-
Interest Earnings	-
	<u>                    -</u>
Total Cash Receipts	<u>                    -</u>
Expenditures	
Recreation	
Contractual services	-
Capital outlay	-
	<u>                    -</u>
Total Expenditures	<u>                    -</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>                    -</u>
Unencumbered Cash, Ending	<u>                    -</u>

**CITY OF FORT SCOTT, KANSAS**  
**ENERGY MANAGER GRANT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal grant	\$103,602.04
Use of Property and Money	
Interest earned	54.00
	103,656.04
Total Cash Receipts	103,656.04
Expenditures	
General Government	
Capital outlays	103,703.47
	103,703.47
Total Expenditures	103,703.47
Receipts Over (Under) Expenditures	(47.43)
Unencumbered Cash, Beginning	47.43
Unencumbered Cash, Ending	-

**CITY OF FORT SCOTT, KANSAS**  
**TAKE CHARGE CHALLENGE GRANT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal grant	\$100,000.00
Proceeds from Long Term Debt	
Principal Received on Bonds	58,000.00
Other Receipts	
Miscellaneous	15,384.91
Total Cash Receipts	173,384.91
Expenditures	
General Government	
Contractual services	170,804.24
Commodities	-
Total Expenditures	170,804.24
Receipts Over (Under) Expenditures	2,580.67
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$2,580.67

**CITY OF FORT SCOTT, KANSAS**  
**URGENT NEED FLOOD GRANT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
HUD Federal grant	\$48,730.00
Other Receipts	
Miscellaneous	-
	-
Total Cash Receipts	48,730.00
Expenditures	
General Government	
Contractual services	-
Capital outlay	-
	-
Total Expenditures	-
Receipts Over (Under) Expenditures	48,730.00
Prior Year Encumbrances Canceled	64,870.00
Unencumbered Cash, Beginning	(117,100.00)
Unencumbered Cash, Ending	(\$3,500.00)

**CITY OF FORT SCOTT, KANSAS**  
**RUNWAY REHAB GRANT FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	2012 Actual
Cash Receipts	
Intergovernmental	
Federal Grant	-
Operating Transfers from Other Funds	
General	-
	-
Total Cash Receipts	-
Expenditures	
Public Transportation	
Contractual	-
Capital outlay	-
	-
Total Expenditures	-
Receipts Over (Under) Expenditures	-
Prior Year Encumbrances Canceled	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

## CITY OF FORT SCOTT, KANSAS

## FAA PROJECTS GRANT FUND

## Schedule of Receipts and Expenditures - Actual, Regulatory Basis

For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal Grant	\$21,958.00
Operating Transfers from Other Funds	
General	-
	<u>                    -</u>
Total Cash Receipts	<u>21,958.00</u>
Expenditures	
Public Transportation	
Contractual	-
Capital outlay	9,443.42
	<u>                    -</u>
Total Expenditures	<u>9,443.42</u>
Receipts Over (Under) Expenditures	12,514.58
Prior Year Encumbrances Canceled	9,443.42
Unencumbered Cash, Beginning	<u>(33,234.00)</u>
Unencumbered Cash, Ending	<u>(\$11,276.00)</u>

**CITY OF FORT SCOTT, KANSAS**  
**CDBG REVOLVING LOAN FUND**Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Use of Property and Money	
Interest earned	\$1,601.94
Interest on loans repaid	-
Principal on loans repaid	-
	<u>1,601.94</u>
Total Cash Receipts	<u>1,601.94</u>
Expenditures	
Economic Development	
Contractual services	<u>2,500.00</u>
Total Expenditures	<u>2,500.00</u>
Receipts Over (Under) Expenditures	(898.06)
Unencumbered Cash, Beginning	<u>264,081.29</u>
Unencumbered Cash, Ending	<u><u>\$263,183.23</u></u>

**CITY OF FORT SCOTT, KANSAS**  
**FORT SCOTT PUBLIC LIBRARY - GENERAL FUND**  
 Schedule of Receipts and Expenditures - Actual, Regulatory Basis  
 For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Appropriation from the City	\$267,807.88
Other appropriations	15,506.00
Fines, Forfeitures and Penalties	1,487.91
Use of Property and Money	
Interest	686.74
Other Receipts	
Donations	225.00
Miscellaneous	<u>2,395.82</u>
Total Cash Receipts	<u>288,109.35</u>
Expenditures	
Recreation	
Personal services	151,482.34
Contractual Services	57,327.10
Commodities	41,894.05
Capital outlay	<u>18,926.57</u>
Total Expenditures	<u>269,630.06</u>
Receipts Over (Under) Expenditures	18,479.29
Unencumbered Cash, Beginning	<u>619,870.51</u>
Unencumbered Cash, Ending	<u>\$638,349.80</u>

**FEDERAL COMPLIANCE SECTION**

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

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		\$48,730.00	\$35,130.00
CDGB Special Purpose Grants	14.225	48,730.00	35,130.00
Passed through the State of Kansas Department of Commerce			
Small Cities Community Development Block Grants	14.228	120,542.00	120,542.00
<u>U.S. Department of Justice</u>			
Direct Grant from U.S. Bureau of Justice Assistance			
Bulletproof Vest Grants	16.607	1,960.72	1,960.72
Direct Grant from U.S. Bureau of Justice Assistance			
ARRA Justice Assistance Grants	16.804	5,410.71	3,798.00
<u>U.S. Department of Transportation</u>			
Direct Grant from the Department of Transportation			
AIP 3-20-0022-14		21,958.00	21,958.00
Airport Improvement Program	20.106	21,958.00	21,958.00
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	104,649.36	104,649.26
Passed through the State of Kansas Department of Transportation			
Grant # OP 1275-09			
Total Traffic Safety & Drunk Driving Prevention	20.601	739.07	643.32
Passed through the State of Kansas Department of Transportation			
Project # 6 U-0040-10			
Surface Transportation Project program	20.937	164,316.57	168,458.13
<u>U.S. Environmental Protection Agency</u>			
Passed through the State of Kansas Department of Health and Environment			
Public Water Supply Capitalization Grant	66.458	6,494.00	6,494.00
<u>U.S. Department of Energy</u>			
Passed through the State of Kansas Corporation Commission			
Take Charge Challenge		108,243.70	108,243.70
Energy Managers		103,602.04	103,602.04
DOE Formula Grant - ARRA	81.128	211,845.74	211,845.74

**CITY OF FORT SCOTT, KANSAS**

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Homeland Security</u>			
Passed through the State of Kansas Office of the Adjutant General			
FEMA-KS-DR1849		\$54,918.75	-
FEMA-KS-DR1860		20,676.09	-
Public Assistance Grants	97.036	75,594.84	-
Passed through the State of Kansas Division of Emergency Management			
EMW-2008-FO-05954		40,796.25	40,796.25
Hazard Mitigation (Sirens) Grant	97.039	40,796.25	40,796.25
TOTALS		<u>\$803,037.26</u>	<u>\$716,275.42</u>

Notes to the Schedule of Expenditures of Federal Awards:

(1) Receipts consist of money actually received during the year ended December 31, 2012. 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 regulatory basis financial statements inasmuch as the City records expenditures when an encumbrance or contract is signed in accordance with the regulatory 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*

---

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Fort Scott, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133* that could have a direct and material effect on each of the City of Fort Scott, Kansas' major federal programs for the year ended December 31, 2012. The City of Fort Scott, Kansas' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditors' Responsibilities**

Our responsibility is to express an opinion on compliance for each of the City of Fort Scott, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the 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 of Fort Scott, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

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

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



DIEHL, BANWART, BOLTON, CPAs PA

May 29, 2013  
Fort Scott, Kansas

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants P.A.*

---

**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, 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 Fort Scott, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Fort Scott, Kansas' basic financial statement, and have issued our report thereon dated May 29, 2013.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Fort Scott, Kansas' financial statement is free from 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*.

**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.



DIEHL, BANWART, BOLTON, CPAs PA

May 29, 2013  
Fort Scott, Kansas

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

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

**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 regulatory basis of accounting. An unqualified opinion on the regulatory basis of accounting financial statement was issued.
2. There were no internal control deficiencies disclosed during the audit of the financial statement 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 statement 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>
81.128	DOE Formula Grant

8. The threshold for distinguishing types A and B programs was \$300,000.
9. The City of Fort Scott, Kansas was 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, 2012**

---

For the year ended December 31, 2011, the City had no findings or questioned costs relative to federal awards.