CITY OF HAYS, KANSAS

Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Hays, Kansas**, as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying 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 as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

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

Basis for Adverse and Unmodified Opinions

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

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

Responsibilities of Management for the Financial Statement

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; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated April 10, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

April 9, 2026

CITY OF HAYS, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Regulatory Basis Fund Types							
General Fund	$ 1,622,245	16,449	18,676,333	17,932,381	**2,382,646**	525,614	**2,908,260**
Special Purpose Funds							
Library Fund	68,919	-	2,002,759	2,022,142	**49,536**	-	**49,536**
Library Employee Benefits Fund	16,741	-	274,013	277,669	**13,085**	-	**13,085**
Special Highway Fund	97,137	-	1,114,573	1,110,821	**100,889**	69,585	**170,474**
Employee Benefits Fund	903,998	-	4,953,756	4,954,487	**903,267**	97,371	**1,000,638**
Public Safety Equipment Fund	100,004	5,398	668,414	676,182	**97,634**	11,189	**108,823**
Airport Fund	364,347	1,178	1,096,103	1,314,389	**147,239**	78,939	**226,178**
Convention and Visitor's Bureau Fund	121,922	-	1,829,593	1,735,115	**216,400**	14,467	**230,867**
New Equipment Reserve Fund	2,558,686	2,102	1,212,539	900,794	**2,872,533**	118,721	**2,991,254**
Special Alcohol Program Fund	5,713	-	165,942	170,914	**741**	-	**741**
Special Parks and Recreation Fund	65,650	-	290,942	205,870	**150,722**	150,555	**301,277**
Parks Improvement Fund	313,917	215	197,862	424,103	**87,891**	3,600	**91,491**
City Commission Capital Reserve Fund	2,669,902	-	3,325,053	2,186,195	**3,808,760**	-	**3,808,760**
Law Enforcement Trust Fund	36,543	-	19,334	1,178	**54,699**	-	**54,699**
Convention and Visitor's Bureau Reserve Fund	715,236	-	40,081	44,773	**710,544**	-	**710,544**
Airport Improvement Fund	199,125	135,094	1,008,546	5,597,413	**(4,254,648)**	5,549,385	**1,294,737**
Opioid Settlement Fund	128,810	-	30,499	45,481	**113,828**	-	**113,828**
Golf Course Improvement Fund	43,391	-	45,750	45,549	**43,592**	-	**43,592**
Sports Complex Fund	49,621	-	26,000	-	**75,621**	-	**75,621**
R9 Fund	238,053	-	605,014	514,746	**328,321**	17,248	**345,569**
Budget Stabilization Fund	3,459,617	-	-	-	**3,459,617**	-	**3,459,617**
Bond and Interest Funds							
Bond and Interest Fund	307,407	-	2,043,327	1,957,954	**392,780**	-	**392,780**
CVB Sinking Fund	143,537	-	78,098	-	**221,635**	-	**221,635**
Capital Project Fund							
Capital Projects Fund	(4,026,387)	1,018,561	22,293,117	26,712,467	**(7,427,176)**	16,116,905	**8,689,729**
Business Funds							
Water Production and Distribution Fund	613,720	53,481	4,278,141	4,576,216	**369,126**	636,760	**1,005,886**
Water Reclamation and Reuse Fund	1,050,998	14,786	5,538,778	5,739,779	**864,783**	200,557	**1,065,340**
Water Conservation Fund	1,102,801	779	5,659,720	6,721,446	**41,854**	23,296	**65,150**
Solid Waste Fund	133,267	-	1,850,897	1,962,397	**21,767**	62,400	**84,167**
Stormwater Management Fund	152,714	1,128	862,999	850,960	**165,881**	46,110	**211,991**
Water Production and Distribution Reserve Fund	492,230	-	1,400,000	95,742	**1,796,488**	-	**1,796,488**
Water Reclamation and Reuse Reserve Fund	1,314,500	-	1,301,868	214,468	**2,401,900**	-	**2,401,900**
Water Sales Tax Reserve Fund	37,474,766	-	5,300,000	3,016,285	**39,758,481**	1,702,381	**41,460,862**
Solid Waste Reserve Fund	981,214	28,500	293,825	87,403	**1,216,136**	-	**1,216,136**
Stormwater Reserve Fund	1,190,741	-	300,000	396,410	**1,094,331**	36,015	**1,130,346**
Total Reporting Entity (Excluding Agency Funds)	$ 54,711,085	1,277,671	88,783,876	92,491,729	**52,280,903**	25,461,098	**77,742,001**

Composition of Cash	Treasury Notes	$ **4,382,822**
	Certificates of Deposit	**69,021,556**
	Checking Accounts	**6,715,252**
	Petty Cash	**1,500**
	Total Cash	**80,121,130**
	Agency Funds per Schedule 3	**(2,379,129)**
	Total Reporting Entity (Excluding Agency Funds)	$ **77,742,001**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member commission. This financial statement does not include the related municipal entities shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Hays Public Library

The Hays Public Library is overseen by a Library board whose members are appointed by the City Commission. The day to day operations are managed by a Library director that is appointed by the Library board. 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 City must approve, by charter ordinance, increases in the Library mill levy rate. The City has excluded this related municipal entity in the City's financial statement. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

Housing Authority of the City of Hays, Kansas

The Housing Authority of the City of Hays, Kansas is overseen by a five member board whose members are appointed by the City Commission. The day to day operations are managed by an executive director that is appointed by the board. The City has excluded this related municipal entity in the City's financial statement. Contact the City office for information on how to obtain a copy of the financial statements.

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2025.

Regulatory Basis Fund Types

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

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific 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 Fund – fund financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

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

Basis of Accounting
Regulatory Basis of Accounting and Departure 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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursements
The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

Budget Stabilization Reserve
In 2004, through a general election, the City passed a ¾% sales tax to replace the property tax levy for the general fund. At that time, a budget stabilization reserve was created in the general fund that amounted to the ending unencumbered cash balance prior to the change. The City's Comprehensive Financial Management Policy requires that 25% of General Fund Operating Expenditures be maintained in the Budget Stabilization Fund. Any expenditures used with stabilization funds must be approved by City Commission. Effective January 15, 2026, the Policy was changed to state that the City shall achieve and maintain a minimum Budget Stabilization Reserve of at least three million dollars to be used for temporary funding of unforeseen emergency needs.

NOTE 2 – BUDGETARY INFORMATION

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

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such amendments for this year.

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: New Equipment Reserve Fund, Parks Improvement Fund, City Commission Capital Reserve Fund, Law Enforcement Trust Fund, Convention and Visitor's Bureau Reserve Fund, Airport Improvement Fund, Golf Course Improvement Fund, Sports Complex Fund, and Budget Stabilization Fund.

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

Special Assessments
Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

Special assessments are levied over a fifteen to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, the assessments may be collected by foreclosure.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

As of December 31, 2025, the City had the following investments and maturities:

Investment Type		Cost	Investment Maturities (in years) Less than One	Rating
U.S. Treasury Notes	$	4,382,822	4,382,822	AAA

The City does not maintain a formal investment policy pertaining to Passenger Facility revenue. However, in accordance with the Code of Federal Regulation, unexpended Passenger Facility revenue of the City is held in other interest bearing instruments.

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 K.S.A. 9-1405. The City's allocation of investments as of December 31, 2025, is as follows:

Investments	Percentage of Investments
U.S. Treasury Notes	100%

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 use "peak periods". All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits was $75,738,308 and the bank balance was $76,348,533. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, $30,480,094 was covered by federal depository insurance and $45,868,439 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Hays, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2025 were as follows:

From	To	Regulatory Authority		Amount
General Fund	Special Highway Fund	Commission Approved	$	200,000
General Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		315,619
General Fund	City Commission Capital Reserve Fund	Commission Approved		2,600,000
General Fund	Stormwater Management Fund	Commission Approved		16,500
Public Safety Equipment Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		465,256
Airport Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		71,258
Airport Fund	Airport Improvement Fund	K.S.A. 12-1,118		460,000
City Commission Capital Reserve Fund	Capital Projects Fund	K.S.A. 12-1,118		1,606,596
Convention and Visitor's Bureau Fund	General Fund	Commission Approved		197,348
Convention and Visitor's Bureau Fund	Employee Benefits Fund	K.S.A. 12-16,102		104,736
Convention and Visitor's Bureau Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		2,066
Convention and Visitor's Bureau Fund	Special Parks and Recreation Fund	Commission Approved		125,000
Convention and Visitor's Bureau Fund	Convention and Visitor's Bureau Reserve Fund	Commission Approved		40,081
Convention and Visitor's Bureau Fund	Bond and Interest Fund	Commission Approved		338,759
Convention and Visitor's Bureau Fund	CVB Sinking Fund	Commission Approved		78,098
Special Alcohol Program Fund	General Fund	Commission Approved		77,500
Special Alcohol Program Fund	Employee Benefits Fund	K.S.A. 12-16,102		33,414
R9 Fund	Employee Benefits Fund	K.S.A. 12-16,102		75,219
R9 Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		18,648
Capital Projects Fund	City Commission Capital Reserve Fund	K.S.A. 12-1,118		590,705
Water Production and Distribution Fund	General Fund	K.S.A. 12-825d		628,895
Water Production and Distribution Fund	Employee Benefits Fund	K.S.A. 12-16,102		316,993
Water Production and Distribution Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		19,927
Water Production and Distribution Fund	Water Production and Distribution Reserve Fund	K.S.A. 12-825d		1,400,000
Water Reclamation and Reuse Fund	General Fund	K.S.A. 12-825d		841,380
Water Reclamation and Reuse Fund	Employee Benefits Fund	K.S.A. 12-16,102		245,690
Water Reclamation and Reuse Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		31,407
Water Reclamation and Reuse Fund	Water Reclamation and Reuse Reserve Fund	K.S.A. 12-825d		1,300,000
Water Conservation Fund	General Fund	K.S.A. 12-825d		1,152,781
Water Conservation Fund	Employee Benefits Fund	K.S.A. 12-16,102		34,876
Water Conservation Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		1,909
Water Conservation Fund	Water Sales Tax Reserve Fund	K.S.A. 12-825d		5,300,000
Solid Waste Fund	General Fund	K.S.A. 12-825d		278,586
Solid Waste Fund	Employee Benefits Fund	K.S.A. 12-16,102		243,106
Solid Waste Fund	Solid Waste Reserve Fund	K.S.A. 12-825d		285,000
Stormwater Management Fund	General Fund	K.S.A. 12-825d		83,460
Stormwater Management Fund	Employee Benefits Fund	K.S.A. 12-16,102		92,527
Stormwater Management Fund	New Equipment Reserve Fund	K.S.A. 12-1,117		50,285
Stormwater Management Fund	Stormwater Reserve Fund	K.S.A. 12-825d		300,000
Tallgrass RHID Fund	Bond and Interest Fund	K.S.A. 13-1270		88,753

NOTE 5 – CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
Airport Improvement 3-20-0028-40 Apron Rehab Beacon Replacement	$ 1,514,025	$ 1,471,009
Airport Improvement 3-20-0028-41 Land Acquisition	295,331	295,331
Airport Improvement 3-20-0028-44 ARPA	1,072,737	1,072,737
Airport Improvement 3-20-0028-45 Snow Removal Equipment Building	1,930,811	1,930,811
Airport Improvement 3-20-0028-46 Snow Removal Equipment Building	2,017,921	2,025,228
Airport Improvement 3-20-0028-47 Runway Reconstruction	489,000	488,300
Airport Improvement 3-20-0028-48 Runway Reconstruction	2,566,746	2,566,746
Airport Improvement 3-20-0028-49 Runway Reconstruction	2,712,474	2,709,091
Police Department Building	8,900,000	8,075,232
Advanced Metering Infrastructure	4,483,672	3,620,196
Exit 161	4,460,058	4,460,057
The Grove RHID	8,200,151	4,438,001
Tallgrass 4th RHID	5,493,776	5,493,776
Covenant Estates	2,900,000	221,000

NOTE 6 – LITIGATION

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

NOTE 7 – RISK MANAGEMENT

City of Hays, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

The City has been unable to obtain commercial insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other public entities in the State of Kansas and Missouri to participate in the Midwest Public Risk Pool (MPR), a public entity risk pool currently operating as a common risk management and insurance program for 165 participating members. The City joined MPR in July 2017. The agreement to participate provides that MPR will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. During 2025, the City contributed $569,801 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by MPR management. The City's Director of Finance served on the Board of Directors for MPR during 2025.

The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 175 participating members. The City joined KMIT

in January 2005. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. During 2025, the City contributed $149,866 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

NOTE 8 – GRANTS AND SHARED REVENUES

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
City of Hays, Kansas 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 that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $747,947 for KPERS and $1,085,798 for KP&F for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $6,224,529 and $9,034,298 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 10 – DEFERRED COMPENSATION PLAN

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The employee is responsible for the amount of deferred compensation to be contributed. The amount selected is invested for the employee. The City is not required to make any contributions. The deferred compensation is not available to employees until termination, retirement, death, or in case of limited specific circumstances.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

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

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

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

NOTE 12 – COMPENSATED ABSENCES

The City's policy is a general leave policy of paid time off (PTO). PTO shall be accrued by full-time employees, and all employees shall have a maximum amount of PTO accrual equal to the number of hours they accrue during their anniversary year. Employees who exceed the accrual maximum shall not be credited with further PTO until their accruals are reduced below the maximum level. Upon separation from employment with the City, employees who terminate in good standing will be paid for all accrued but unused PTO at their current rate of pay.

City of Hays employees shall accrue the following amounts of PTO on a biweekly basis:

Months of Service	Initial PTO	Accrual Hours Per Payroll	Maximum Accumulation
0 - 2	40.0	0.0	40.0
3 -11		3.8	192.4
12 - 47		5.9	192.4
48 - 107		6.5	208.0
108 - 167		7.1	223.6
168 - 227		7.8	241.8
228 +		8.4	257.4

Fire Department employees that have a regular work period of 212 hours shall accrue the following amounts of PTO on a biweekly basis:

Months of Service	Initial PTO	Accrual Hours Per Payroll	Maximum Accumulation
0 - 2	56.0	0.0	56.0
3 -11		5.4	265.2
12 - 47		8.3	265.2
48 - 107		9.1	288.6
108 - 167		9.9	312.0
168 - 227		10.9	338.0
228 +		11.8	361.4

NOTE 13 – CONDUIT DEBT

From time to time, **City of Hays, Kansas** has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector entities serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2025, there were two industrial revenue bonds outstanding. They are for expansion of a manufacturing facility and construction of new facilities. The principal amount payable at December 31, 2025 was $9,350,000.

NOTE 14 – LONG-TERM DEBT

City of Hays, Kansas has the following types of long-term debt.

General Obligation Bonds

On August 15, 2011, the City issued $2,220,000 in Series 2011-A General Obligation Internal Improvement Bonds to finance Vine Street Project and various Improvement Districts.

On October 31, 2013, the City issued $1,245,000 in Series 2013-A General Obligation Refunding and Improvement Bonds to finance the Golden Belt Estates 4th Addition and the 46th Street 1st Addition and to establish an escrow account to redeem General Obligation Bonds Series 2002-A.

On July 1, 2015, the City issued $1,010,000 in Series 2015-A General Obligation Bonds to finance the 46th Street, Second Addition and Golden Belt Estates, Fifth Edition – Danby Lane and Jagger Court.

On December 15, 2016, the City issued $5,850,000 in Series 2016-A General Obligation Refunding Bonds to establish an escrow account to redeem General Obligation Bonds, Series 2005-A, 2006-A, 2007-A, 2008-A and 2009-A.

On August 15, 2017, the City issued $1,490,000 in Series 2017-A General Obligation Bonds to finance the 46th Street Addition – Phase II, the King's Gate First Addition – Phase II, the Tallgrass Addition – Phase V and the S&W Alley.

On May 29, 2019, the City issued $65,000 in Series 2019-A General Obligation Bonds to finance the King's Gate First Addition.

On April 15, 2021, the City issued $6,480,000 in Series 2021-A General Obligation Bonds to finance the North Vine Corridor Project.

On June 22, 2023, the City issued $455,000 in Series 2023-A General Obligation Bonds to finance the King's Gate 2nd Addition improvement district project.

On October 10, 2024, the City issued $2,520,000 in Series 2024-A General Obligation Bonds to finance the Tallgrass 2nd Addition project.

On September 25, 2025, the City issued $14,140,000 in Series 2025-A General Obligation Bonds to finance the acquisition of automated metering equipment for the City's Municipal water utility, construction of a new police facility, and infrastructure improvements within a new residential subdivision.

On September 25, 2025, the City issued $855,000 in Series 2025-B Taxable General Obligation Bonds to be given by the City to Grow Hays, Inc. a local not-for-profit economic development organization. The funds will reimburse Grow Hays, Inc. for a portion of the cost of acquiring property for a newly developing subdivision in the City.

Temporary Notes
On October 10, 2024, the City issued $3,600,000 in Series 2024-1 General Obligation Temporary Notes to finance the Advanced Metering Infrastructure (AMI) project.

On September 25, 2025, the City issued $4,035,000 in Series 2025-1 General Obligation Temporary Notes to finance the infrastructure improvements located adjacent to an exit along interstate 70 in the City.

On August 28, 2025, the City issued $670,000 in Series 2025-2 General Obligation Temporary Notes to finance the initial costs of the design and construction of a new police station/municipal court facility.

KDHE Revolving Loan
The City has entered into a revolving loan agreement with the State of Kansas in order to finance wastewater plant improvements in the amount of $30,260,000.

Finance Lease Obligations
The City has entered into lease agreements for equipment. The leases contain a fiscal funding clause.

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	**Balance End of Year**	Interest Paid
General Obligation Bonds									
Series 2011-A	2.50 - 3.40%	2011	$ 2,220,000	2026	$ 315,000	-	155,000	**160,000**	10,555
Series 2013-A	2.70 - 3.50%	2013	1,245,000	2028	180,000	-	45,000	**135,000**	6,075
Series 2015-A	3.00 - 3.80%	2015	1,010,000	2030	445,000	-	70,000	**375,000**	15,698
Series 2016-A	2.25 - 2.50%	2016	5,850,000	2026	740,000	-	365,000	**375,000**	18,500
Series 2017-A	3.00 - 3.50%	2017	1,490,000	2032	860,000	-	100,000	**760,000**	28,025
Series 2019-A	3.25%	2019	65,000	2029	36,000	-	7,000	**29,000**	1,170
Series 2021-A	1.10 - 4.00%	2021	6,480,000	2046	5,965,000	-	205,000	**5,760,000**	133,759
Series 2023-A	5.50%	2023	455,000	2043	444,000	-	14,000	**430,000**	24,420
Series 2024-A	4.00 - 5.00%	2024	2,520,000	2045	2,520,000	-	-	**2,520,000**	88,753
Series 2025-A	4.00 - 5.00%	2025	14,140,000	2049	-	14,140,000	-	**14,140,000**	-
Series 2025-B	4.15 - 4.60%	2025	855,000	2035	-	855,000	-	**855,000**	-
Temporary Notes									
Series 2024-1	4.00%	2024	3,600,000	2025	3,600,000	-	3,600,000	**-**	132,400
Series 2025-1	3.00%	2025	4,035,000	2026	-	4,035,000	-	**4,035,000**	-
Series 2025-2	3.00%	2025	670,000	2025	-	670,000	670,000	**-**	79
KDHE Revolving Loan									
State of Kansas	2.27%	2015	30,260,000	2038	21,607,737	-	1,384,641	**20,223,096**	429,523
Finance Leases									
Enterprise Fleet Management	Various	2022	345,587	2027	171,410	-	70,812	**100,598**	11,998
Total Contractual Indebtedness					$ **36,884,147**	**19,700,000**	**6,686,453**	**49,897,694**	**900,955**

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

	YEAR									
	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2045	2046-2049	**Total**
Principal										
General Obligation Bonds $	1,367,000	872,000	908,000	895,000	933,000	5,282,000	6,219,000	7,418,000	1,645,000	**25,539,000**
Temporary Notes	4,035,000	-	-	-	-	-	-	-	-	**4,035,000**
KDHE Revolving Loan	1,416,251	1,448,582	1,481,652	1,515,476	1,550,073	8,297,594	4,513,468	-	-	**20,223,096**
Finance Leases	70,250	30,348	-	-	-	-	-	-	-	**100,598**
Total Principal	**6,888,501**	**2,350,930**	**2,389,652**	**2,410,476**	**2,483,073**	**13,579,594**	**10,732,468**	**7,418,000**	**1,645,000**	**49,897,694**
Interest										
General Obligation Bonds	949,386	944,450	907,110	867,465	827,908	3,563,487	2,478,217	1,236,061	167,088	**11,941,172**
Temporary Notes	123,068	-	-	-	-	-	-	-	-	**123,068**
KDHE Revolving Loan	401,395	372,624	343,197	313,098	282,311	924,593	137,787	-	-	**2,775,005**
Finance Leases	11,824	4,804	-	-	-	-	-	-	-	**16,628**
Total Interest	**1,485,673**	**1,321,878**	**1,250,307**	**1,180,563**	**1,110,219**	**4,488,080**	**2,616,004**	**1,236,061**	**167,088**	**14,855,873**
Total Principal and Interest $	**8,374,174**	**3,672,808**	**3,639,959**	**3,591,039**	**3,593,292**	**18,067,674**	**13,348,472**	**8,654,061**	**1,812,088**	**64,753,567**

CITY OF HAYS, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

CITY OF HAYS, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	$ 17,988,604	-	17,988,604	**17,932,381**	(56,223)
Special Purpose Funds					
Library Fund	2,022,142	-	2,022,142	**2,022,142**	-
Library Employee Benefits Fund	277,669	-	277,669	**277,669**	-
Special Highway Fund	1,164,792	-	1,164,792	**1,110,821**	(53,971)
Employee Benefits Fund	5,672,788	-	5,672,788	**4,954,487**	(718,301)
Public Safety Equipment Fund	677,056	-	677,056	**676,182**	(874)
Airport Fund	1,318,796	-	1,318,796	**1,314,389**	(4,407)
Convention and Visitor's Bureau Fund	1,792,264	-	1,792,264	**1,735,115**	(57,149)
Special Alcohol Program Fund	179,401	-	179,401	**170,914**	(8,487)
Special Parks and Recreation Fund	351,413	-	351,413	**205,870**	(145,543)
Opioid Settlement Fund	56,893	-	56,893	**45,481**	(11,412)
R9 Fund	714,975	-	714,975	**514,746**	(200,229)
Bond and Interest Funds					
Bond and Interest Fund	2,635,738	-	2,635,738	**1,957,954**	(677,784)
Business Funds					
Water Production and Distribution Fund	4,775,644	-	4,775,644	**4,576,216**	(199,428)
Water Reclamation and Reuse Fund	5,920,787	-	5,920,787	**5,739,779**	(181,008)
Water Conservation Fund	7,104,967	-	7,104,967	**6,721,446**	(383,521)
Solid Waste Fund	1,967,589	-	1,967,589	**1,962,397**	(5,192)
Stormwater Management Fund	869,480	-	869,480	**850,960**	(18,520)

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

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Local Sales Tax	$ 10,967,774	**11,092,013**	11,209,891	(117,878)
Intergovernmental				
Local Alcoholic Liquor Tax	169,467	**165,943**	170,038	(4,095)
Federal Aid	4,924	**5,646**	-	5,646
Franchise Fees	1,513,216	**1,602,637**	1,850,000	(247,363)
Licenses	43,948	**64,020**	65,250	(1,230)
Permits	87,438	**94,701**	85,500	9,201
Fines and Court Fees	495,623	**537,000**	595,200	(58,200)
Interest Income	586,976	**1,018,057**	317,000	701,057
Rentals	-	**100**	1,200	(1,100)
Golf Course Fees	415,603	**463,745**	404,000	59,745
Cemetery Fees	12,780	**13,695**	16,250	(2,555)
Miscellaneous	267,540	**358,826**	176,250	182,576
Transfers In	3,197,450	**3,259,950**	3,267,169	(7,219)
Total Receipts	17,762,739	**18,676,333**	18,157,748	518,585
Expenditures				
City Commission	67,462	**93,700**	97,205	(3,505)
City Manager	624,174	**628,659**	703,982	(75,323)
Human Resources	247,535	**248,125**	288,689	(40,564)
Information Technology	958,183	**968,064**	1,017,953	(49,889)
Project Management	145,251	**163,549**	173,112	(9,563)
Communications	737,975	**364,613**	301,601	63,012
City Attorney	188,606	**214,629**	171,320	43,309
Finance/City Clerk	518,949	**448,402**	449,842	(1,440)
Intergovernmental Account	1,058,270	**1,257,464**	1,129,000	128,464
Police Department	3,313,827	**3,411,984**	3,395,486	16,498
Municipal Court	142,457	**105,128**	176,403	(71,275)
Public Works	217,726	**222,754**	232,852	(10,098)
Service Division	1,034,103	**1,110,528**	1,246,039	(135,511)
Planning, Inspection, and Enforcement	329,557	**326,753**	361,079	(34,326)
Fleet Maintenance	740,926	**803,375**	841,899	(38,524)
Fire Department	1,798,560	**1,810,405**	1,924,439	(114,034)
Parks and Playgrounds	1,222,165	**1,251,337**	1,304,251	(52,914)
Golf Course	442,488	**489,720**	497,184	(7,464)
Swimming Pool	146,991	**118,691**	148,100	(29,409)
Ballfield Maintenance	28,786	**37,632**	59,600	(21,968)
Cemetery	10,994	**12,881**	19,100	(6,219)
Bickle-Schmidt Sports Complex	238,530	**204,986**	241,735	(36,749)
Social Services	170,000	**180,000**	180,000	-
Economic Development	321,331	**326,883**	295,000	31,883
Transfers Out	3,270,975	**3,132,119**	2,732,733	399,386
Total Expenditures	17,975,821	**17,932,381**	17,988,604	(56,223)
Receipts Over (Under) Expenditures	(213,082)	**743,952**		
Unencumbered Cash - Beginning	1,792,576	**1,622,245**		
Prior Year Cancelled Encumbrances	42,751	**16,449**		
Unencumbered Cash - Ending	$ 1,622,245	**2,382,646**		

CITY OF HAYS, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 1,745,754	**1,811,511**	1,844,212	(32,701)
Delinquent	13,652	**18,219**	-	18,219
Motor Vehicle	162,337	**171,507**	141,652	29,855
Recreational Vehicle	2,663	**2,917**	2,809	108
16/20M Truck	716	**770**	602	168
Commercial Vehicle	7,599	**8,919**	7,832	1,087
Neighborhood Revit Rebate	(10,059)	**(11,084)**	(11,098)	14
Total Receipts	1,922,662	**2,002,759**	1,986,009	16,750
Expenditures				
Distributions to Library Board	1,943,280	**2,022,142**	2,022,142	-
Receipts Over (Under) Expenditures	(20,618)	**(19,383)**		
Unencumbered Cash - Beginning	89,537	**68,919**		
Unencumbered Cash - Ending	$ 68,919	**49,536**		

CITY OF HAYS, KANSAS
Library Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 294,159	**241,489**	245,895	(4,406)
Delinquent	2,235	**2,979**	-	2,979
Motor Vehicle	27,408	**28,899**	23,609	5,290
Recreational Vehicle	450	**491**	468	23
16/20M Truck	119	**130**	100	30
Commercial Vehicle	1,171	**1,503**	1,305	198
Neighborhood Revit Rebate	(1,593)	**(1,478)**	(1,480)	2
Total Receipts	323,949	**274,013**	269,897	4,116
Expenditures				
Distributions to Library Board	321,710	**277,669**	277,669	-
Receipts Over (Under) Expenditures	2,239	**(3,656)**		
Unencumbered Cash - Beginning	14,502	**16,741**		
Unencumbered Cash - Ending	$ 16,741	**13,085**		

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

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
State Gasoline Tax	$ 573,147	**571,724**	561,290	10,434
State Aid	262,934	**268,300**	260,000	8,300
Connecting Link Maintenance	74,651	**74,549**	74,500	49
Transfers In	200,000	**200,000**	200,000	-
Total Receipts	1,110,732	**1,114,573**	1,095,790	18,783
Expenditures				
Contractual Services	-	**-**	50,000	(50,000)
Capital Outlay	1,121,053	**1,110,821**	1,114,792	(3,971)
Total Expenditures	1,121,053	**1,110,821**	1,164,792	(53,971)
Receipts Over (Under) Expenditures	(10,321)	**3,752**		
Unencumbered Cash - Beginning	107,002	**97,137**		
Prior Year Cancelled Encumbrances	456	**-**		
Unencumbered Cash - Ending	$ 97,137	**100,889**		

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

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 2,557,756	**3,404,349**	3,464,962	(60,613)
Delinquent	27,426	**32,155**	-	32,155
Motor Vehicle	333,332	**251,287**	205,366	45,921
Recreational Vehicle	5,467	**4,273**	4,072	201
16/20M Truck	1,406	**1,581**	873	708
Commercial Vehicle	15,602	**13,068**	11,355	1,713
Neighborhood Revit Rebate	(14,738)	**(20,824)**	(24,424)	3,600
Interest Income	75,036	**85,823**	103,400	(17,577)
Miscellaneous	33,305	**35,483**	-	35,483
Transfers In	1,102,275	**1,146,561**	1,152,538	(5,977)
Total Receipts	4,136,867	**4,953,756**	4,918,142	35,614
Expenditures				
Workmen's Compensation	183,501	**149,866**	194,682	(44,816)
Unemployment Compensation	12,172	**16,101**	12,865	3,236
Social Security	907,548	**909,060**	947,800	(38,740)
Employee Retirement	1,817,554	**1,910,772**	1,947,577	(36,805)
Contingency	-	**23,703**	475,000	(451,297)
Health Insurance	1,801,840	**1,887,492**	2,013,000	(125,508)
Contractual Services	57,509	**57,493**	81,864	(24,371)
Total Expenditures	4,780,124	**4,954,487**	5,672,788	(718,301)
Receipts Over (Under) Expenditures	(643,257)	**(731)**		
Unencumbered Cash - Beginning	1,547,255	**903,998**		
Unencumbered Cash - Ending	$ 903,998	**903,267**		

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 588,319	**603,928**	614,737	(10,809)
Delinquent	4,596	**6,134**	-	6,134
Motor Vehicle	54,816	**57,798**	47,217	10,581
Recreational Vehicle	899	**983**	936	47
16/20M Truck	239	**260**	201	59
Commercial Vehicle	2,566	**3,006**	2,611	395
Neighborhood Revit Rebate	(3,390)	**(3,695)**	(3,699)	4
Intergovernmental				
Federal Aid	4,000	**-**	-	-
Total Receipts	652,045	**668,414**	662,003	6,411
Expenditures				
Capital Outlay	150,945	**210,926**	211,800	(874)
Transfers Out	419,909	**465,256**	465,256	-
Total Expenditures	570,854	**676,182**	677,056	(874)
Receipts Over (Under) Expenditures	81,191	**(7,768)**		
Unencumbered Cash - Beginning	15,053	**100,004**		
Prior Year Cancelled Encumbrances	3,760	**5,398**		
Unencumbered Cash - Ending	$ 100,004	**97,634**		

CITY OF HAYS, KANSAS
Airport Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 441,094	**452,946**	461,053	(8,107)
Delinquent	3,447	**4,535**	-	4,535
Motor Vehicle	41,098	**43,334**	35,413	7,921
Recreational Vehicle	674	**737**	702	35
16/20M Truck	179	**195**	151	44
Commercial Vehicle	2,036	**2,254**	1,958	296
Neighborhood Revit Rebate	(2,644)	**(2,771)**	(2,774)	3
Intergovernmental				
Federal Grant	793,358	**376,887**	610,316	(233,429)
Licenses and Fees Collected	152,598	**185,285**	161,949	23,336
Farming Leases	22,160	**21,852**	22,000	(148)
Miscellaneous	6,949	**10,849**	5,000	5,849
Total Receipts	1,460,949	**1,096,103**	1,295,768	(199,665)
Expenditures				
Personal Services	369,675	**414,809**	413,591	1,218
Contractual Services	149,141	**160,261**	204,200	(43,939)
Commodities	194,799	**208,061**	211,150	(3,089)
Capital Outlay	13,052	**-**	-	-
Transfers Out	443,336	**531,258**	489,855	41,403
Total Expenditures	1,170,003	**1,314,389**	1,318,796	(4,407)
Receipts Over (Under) Expenditures	290,946	**(218,286)**		
Unencumbered Cash - Beginning	56,388	**364,347**		
Prior Year Cancelled Encumbrances	17,013	**1,178**		
Unencumbered Cash - Ending	$ 364,347	**147,239**		

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
Guest Tax	$ 1,547,717	**1,813,810**	1,719,500	94,310
Miscellaneous	20,783	**15,783**	13,000	2,783
Total Receipts	1,568,500	**1,829,593**	1,732,500	97,093
Expenditures				
Personal Services	288,906	**325,912**	346,601	(20,689)
Contractual Services	306,176	**366,393**	414,200	(47,807)
Commodities	31,125	**43,760**	32,000	11,760
Capital Outlay	129,641	**112,962**	108,666	4,296
Transfers Out	764,840	**886,088**	890,797	(4,709)
Total Expenditures	1,520,688	**1,735,115**	1,792,264	(57,149)
Receipts Over (Under) Expenditures	47,812	**94,478**		
Unencumbered Cash - Beginning	74,110	**121,922**		
Unencumbered Cash - Ending	$ 121,922	**216,400**		

CITY OF HAYS, KANSAS
New Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Intergovernmental			
Federal Aid	$	90,000	**-**
Interest Income		176,320	**171,486**
Miscellaneous		115,810	**64,678**
Transfers In		859,037	**976,375**
Total Receipts		1,241,167	**1,212,539**
Expenditures			
Capital Outlay		2,652,051	**900,794**
Receipts Over (Under) Expenditures		(1,410,884)	**311,745**
Unencumbered Cash - Beginning		3,966,056	**2,558,686**
Prior Year Cancelled Encumbrances		3,514	**2,102**
Unencumbered Cash - Ending	$	2,558,686	**2,872,533**

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
Liquor Tax	$ 169,467	**165,942**	170,038	(4,096)
Expenditures				
Contractual Services	60,000	**60,000**	60,000	-
Transfers Out	133,610	**110,914**	119,401	(8,487)
Total Expenditures	193,610	**170,914**	179,401	(8,487)
Receipts Over (Under) Expenditures	(24,143)	**(4,972)**		
Unencumbered Cash - Beginning	29,856	**5,713**		
Unencumbered Cash - Ending	$ 5,713	**741**		

CITY OF HAYS, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
Liquor Tax	$ 169,467	**165,942**	170,038	(4,096)
State Aid	8,142	**-**	-	-
Miscellaneous	2,892	**-**	-	-
Transfers In	275,000	**125,000**	125,000	-
Total Receipts	455,501	**290,942**	295,038	(4,096)
Expenditures				
Capital Outlay	392,755	**205,870**	351,413	(145,543)
Transfers Out	280,609	**-**	-	-
Total Expenditures	673,364	**205,870**	351,413	(145,543)
Receipts Over (Under) Expenditures	(217,863)	**85,072**		
Unencumbered Cash - Beginning	280,699	**65,650**		
Prior Year Cancelled Encumbrances	2,814	**-**		
Unencumbered Cash - Ending	$ 65,650	**150,722**		

Schedule 2-12

CITY OF HAYS, KANSAS
Parks Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Intergovernmental			
State Aid	$	1,030	**-**
Federal Aid		-	**167,091**
Donations		983	**703**
Miscellaneous		17,258	**30,068**
Transfers In		280,609	**-**
Total Receipts		299,880	**197,862**
Expenditures			
Capital Outlay		17,044	**424,103**
Receipts Over (Under) Expenditures		282,836	**(226,241)**
Unencumbered Cash - Beginning		30,713	**313,917**
Prior Year Cancelled Encumbrances		368	**215**
Unencumbered Cash - Ending	$	313,917	**87,891**

Schedule 2-13

CITY OF HAYS, KANSAS
City Commission Capital Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Interest Income	$	131,248	**105,643**
Miscellaneous		22,031	**28,705**
Transfers In		2,750,000	**3,190,705**
Total Receipts		2,903,279	**3,325,053**
Expenditures			
Capital Outlay		-	**579,599**
Transfers Out		2,874,920	**1,606,596**
Total Expenditures		2,874,920	**2,186,195**
Receipts Over (Under) Expenditures		28,359	**1,138,858**
Unencumbered Cash - Beginning		2,641,543	**2,669,902**
Unencumbered Cash - Ending	$	2,669,902	**3,808,760**

Schedule 2-14

CITY OF HAYS, KANSAS
Law Enforcement Trust Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
State Drug Tax Assessments	$	8,541	**19,334**
Expenditures			
General Government		1,000	**1,178**
Receipts Over (Under) Expenditures		7,541	**18,156**
Unencumbered Cash - Beginning		29,002	**36,543**
Unencumbered Cash - Ending	$	36,543	**54,699**

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	15,236	**40,081**
Expenditures			
Contractual Services		-	**44,773**
Transfers Out		200,000	**-**
Total Expenditures		200,000	**44,773**
Receipts Over (Under) Expenditures		(184,764)	**(4,692)**
Unencumbered Cash - Beginning		900,000	**715,236**
Unencumbered Cash - Ending	$	715,236	**710,544**

CITY OF HAYS, KANSAS
Airport Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Intergovernmental			
Federal Aid	$	3,573,811	**340,623**
Passenger Facility Charges		58,122	**73,413**
Reimbursements		1,559,235	**134,510**
Transfers In		389,822	**460,000**
Total Receipts		5,580,990	**1,008,546**
Expenditures			
Capital Outlay		1,932,747	**5,597,413**
Receipts Over (Under) Expenditures		3,648,243	**(4,588,867)**
Unencumbered Cash - Beginning		(3,504,632)	**199,125**
Prior Year Cancelled Encumbrances		55,514	**135,094**
Unencumbered Cash - Ending	$	199,125	**(4,254,648)**

CITY OF HAYS, KANSAS
Opioid Settlement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
State Aid	$ 71,917	**30,499**	-	30,499
Expenditures				
Contractual Services	-	**45,481**	56,893	(11,412)
Receipts Over (Under) Expenditures	71,917	**(14,982)**		
Unencumbered Cash - Beginning	56,893	**128,810**		
Unencumbered Cash - Ending	$ 128,810	**113,828**		

CITY OF HAYS, KANSAS
Golf Course Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Collections	$	39,300	**45,750**
Expenditures			
Contractual Services		39,300	**44,000**
Commodities		4,188	**1,549**
Total Expenditures		43,488	**45,549**
Receipts Over (Under) Expenditures		(4,188)	**201**
Unencumbered Cash - Beginning		47,579	**43,391**
Unencumbered Cash - Ending	$	43,391	**43,592**

CITY OF HAYS, KANSAS
Sports Complex Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Miscellaneous	$	26,000	**26,000**
Expenditures			
General Government		182	**-**
Transfers Out		224,067	**-**
Total Expenditures		224,249	**-**
Receipts Over (Under) Expenditures		(198,249)	**26,000**
Unencumbered Cash - Beginning		247,870	**49,621**
Unencumbered Cash - Ending	$	49,621	**75,621**

CITY OF HAYS, KANSAS
R9 Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Local Sales Tax	$ 590,461	**560,542**	560,542	-
R9 Ranch Revenue	73,491	**44,472**	75,000	(30,528)
Total Receipts	663,952	**605,014**	635,542	(30,528)
Expenditures				
Personal Services	221,899	**230,934**	253,658	(22,724)
Contractual Services	27,404	**43,717**	156,400	(112,683)
Commodities	9,216	**14,906**	25,050	(10,144)
Capital Outlay	-	**45,339**	70,000	(24,661)
R9 Ranch Expenditures	95,004	**85,983**	116,000	(30,017)
Transfers Out	72,376	**93,867**	93,867	-
Total Expenditures	425,899	**514,746**	714,975	(200,229)
Receipts Over (Under) Expenditures	238,053	**90,268**		
Unencumbered Cash - Beginning	-	**238,053**		
Unencumbered Cash - Ending	$ 238,053	**328,321**		

CITY OF HAYS, KANSAS
Budget Stabilization Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	362,743	**-**
Expenditures			
Capital Outlay		16,500	**-**
Transfers Out		108,115	**-**
Total Expenditures		124,615	**-**
Receipts Over (Under) Expenditures		238,128	**-**
Unencumbered Cash - Beginning		3,221,489	**3,459,617**
Unencumbered Cash - Ending	$	3,459,617	**3,459,617**

CITY OF HAYS, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 1,705,958	**1,034,006**	1,053,435	(19,429)
Delinquent	5,992	**12,500**	-	12,500
Motor Vehicle	64,096	**167,591**	136,957	30,634
Recreational Vehicle	1,051	**2,850**	2,716	134
16/20M Truck	325	**304**	582	(278)
Commercial Vehicle	3,000	**8,716**	7,572	1,144
Special Assessments	417,062	**392,057**	396,596	(4,539)
Neighborhood Revit Rebate	(9,829)	**(6,332)**	(2,765)	(3,567)
Miscellaneous	-	**4,123**	-	4,123
Transfers In	569,782	**427,512**	896,295	(468,783)
Total Receipts	2,757,437	**2,043,327**	2,491,388	(448,061)
Expenditures				
Bond Principal	1,007,000	**961,000**	1,141,000	(180,000)
Interest Payments	270,326	**326,954**	615,738	(288,784)
Temporary Notes	1,391,953	**670,000**	679,000	(9,000)
Cash Basis Reserve	-	**-**	200,000	(200,000)
Total Expenditures	2,669,279	**1,957,954**	2,635,738	(677,784)
Receipts Over (Under) Expenditures	88,158	**85,373**		
Unencumbered Cash - Beginning	219,249	**307,407**		
Unencumbered Cash - Ending	$ 307,407	**392,780**		

CITY OF HAYS, KANSAS
Economic Development Bond Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts	$ -	**-**	-	-
Expenditures				
Transfers Out	228,023	**-**	-	-
Receipts Over (Under) Expenditures	(228,023)	**-**		
Unencumbered Cash - Beginning	228,023	**-**		
Unencumbered Cash - Ending	$ -	**-**		

CITY OF HAYS, KANSAS
CVB Sinking Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	75,098	**78,098**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		75,098	**78,098**
Unencumbered Cash - Beginning		68,439	**143,537**
Unencumbered Cash - Ending	$	143,537	**221,635**

CITY OF HAYS, KANSAS
Capital Projects Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Intergovernmental			
Connecting Link Maintenance	$	-	**192,763**
Bond Proceeds		4,991,792	**19,700,000**
Insurance Proceeds		1,043,109	**417,110**
Bond Premium		32,184	**376,648**
Transfers In		2,592,677	**1,606,596**
Total Receipts		8,659,762	**22,293,117**
Expenditures			
Capital Outlay		11,331,644	**22,234,149**
Cost of Issuance		40,392	**-**
Underwriter's Discount		11,988	**155,134**
Temporary Note Principal		-	**3,600,000**
Temporary Note Interest		-	**132,479**
Transfers Out		-	**590,705**
Total Expenditures		11,384,024	**26,712,467**
Receipts Over (Under) Expenditures		(2,724,262)	**(4,419,350)**
Unencumbered Cash - Beginning		(1,307,903)	**(4,026,387)**
Prior Year Cancelled Encumbrances		5,778	**1,018,561**
Unencumbered Cash - Ending	$	(4,026,387)	**(7,427,176)**

CITY OF HAYS, KANSAS
Water Production and Distribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Water Sales	$ 3,578,187	**3,631,515**	3,823,000	(191,485)
Water Tap - Turn-Ons	49,731	**47,956**	50,000	(2,044)
Water Sales Conservation Rate	451,457	**450,458**	535,459	(85,001)
Sales and Other Charges	12,549	**9,761**	10,000	(239)
Penalty	26,075	**20,798**	25,000	(4,202)
Interest on Investment	137,078	**117,653**	135,000	(17,347)
Total Receipts	4,255,077	**4,278,141**	4,578,459	(300,318)
Expenditures				
Personal Services				
Salaries	823,387	**849,504**	825,653	23,851
Contractual Services				
Communications	49,435	**50,989**	65,000	(14,011)
Publications	308	**791**	600	191
Heat, Light and Power	190,989	**202,558**	221,000	(18,442)
Professional Services	-	**5,368**	30,000	(24,632)
Travel and Training	6,934	**11,495**	9,700	1,795
Other Contractual Services	123,128	**144,420**	148,000	(3,580)
Total Contractual Services	370,794	**415,621**	474,300	(58,679)
Commodities				
Office Supplies	1,329	**1,247**	1,500	(253)
General Supplies and Materials	97,736	**80,375**	130,000	(49,625)
Chemicals	592,517	**567,938**	640,000	(72,062)
Repairs to Buildings and Structures	6,596	**30,359**	30,000	359
Equipment Expense	87,016	**99,753**	200,000	(100,247)
Projects	179,896	**1,024**	-	1,024
Uniforms	8,305	**11,277**	9,500	1,777
Total Commodities	973,395	**791,973**	1,011,000	(219,027)
Debt Service				
Principal Payment - Bond	224,000	**-**	87,500	(87,500)
Interest Payment - Bond	6,720	**-**	41,268	(41,268)
Total Debt Service	230,720	**-**	128,768	(128,768)
Nonoperating Expenditures				
Water Taps, Hydrants, Meters	259,823	**94,309**	200,000	(105,691)
Contingency	28,658	**24,737**	50,000	(25,263)
Interest on Deposits	26,143	**22,140**	25,000	(2,860)
Clean Drinking Water Fee	20,662	**12,117**	16,000	(3,883)
Transfer to Water Production and Distribution Reserve	963,161	**1,400,000**	1,079,108	320,892
Transfer to General	632,103	**628,895**	628,895	-
Transfer to Employee Benefits	303,756	**316,993**	316,993	-
Transfer to New Equipment Reserve	17,324	**19,927**	19,927	-
Total Nonoperating Expenditures	2,251,630	**2,519,118**	2,335,923	183,195
Total Expenditures	4,649,926	**4,576,216**	4,775,644	(199,428)
Receipts Over (Under) Expenditures	(394,849)	**(298,075)**		
Unencumbered Cash - Beginning	991,428	**613,720**		
Prior Year Cancelled Encumbrances	17,141	**53,481**		
Unencumbered Cash - Ending	$ 613,720	**369,126**		

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Sewer Service Charges	$ 5,400,043	**5,331,248**	5,385,202	(53,954)
Sales and Other Charges	32,897	**33,949**	6,000	27,949
Penalty	22,178	**19,256**	20,000	(744)
Interest on Investment	80,180	**154,325**	198,000	(43,675)
Total Receipts	5,535,298	**5,538,778**	5,609,202	(70,424)
Expenditures				
Personal Services				
Salaries	608,731	**550,114**	673,822	(123,708)
Contractual Services				
Communications	13,858	**13,963**	16,500	(2,537)
Heat, Light and Power	232,528	**279,290**	298,000	(18,710)
Professional Services	30,238	**33,787**	35,000	(1,213)
Travel and Training	6,871	**5,951**	8,000	(2,049)
Other Contractual Services	53,278	**52,255**	50,000	2,255
Total Contractual Services	336,773	**385,246**	407,500	(22,254)
Commodities				
Office Supplies	511	**332**	600	(268)
General Supplies and Materials	33,817	**37,754**	45,000	(7,246)
Chemicals	222,798	**174,452**	230,000	(55,548)
Repairs to Buildings and Structures	320,620	**158,269**	185,000	(26,731)
Equipment Expense	99,919	**68,253**	75,000	(6,747)
Projects	191,550	**48,088**	120,000	(71,912)
Uniforms	5,732	**8,118**	6,600	1,518
Total Commodities	874,947	**495,266**	662,200	(166,934)
Debt Service				
KDHE Loan Payment	1,867,323	**1,867,323**	1,867,323	-
Principal Payment - Bond	96,000	**-**	87,500	(87,500)
Interest Payment - Bond	2,880	**-**	41,268	(41,268)
Total Debt Service	1,966,203	**1,867,323**	1,996,091	(128,768)
Nonoperating Expenditures				
Contingency	49,740	**23,353**	50,000	(26,647)
Transfer to Water Reclamation and Reuse Reserve	355,951	**1,300,000**	1,012,697	287,303
Transfer to General	795,961	**841,380**	841,380	-
Transfer to Employee Benefits	229,792	**245,690**	245,690	-
Transfer to New Equipment Reserve	24,545	**31,407**	31,407	-
Total Nonoperating Expenditures	1,455,989	**2,441,830**	2,181,174	260,656
Total Expenditures	5,242,643	**5,739,779**	5,920,787	(181,008)
Receipts Over (Under) Expenditures	292,655	**(201,001)**		
Unencumbered Cash - Beginning	729,048	**1,050,998**		
Prior Year Cancelled Encumbrances	29,295	**14,786**		
Unencumbered Cash - Ending	$ 1,050,998	**864,783**		

CITY OF HAYS, KANSAS
Water Conservation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Local Sales Tax	$ 3,331,489	**3,399,734**	3,469,486	(69,752)
Miscellaneous	140	**275**	-	275
Interest on Sales Tax Collections	2,015,090	**2,259,711**	2,302,810	(43,099)
Total Receipts	5,346,719	**5,659,720**	5,772,296	(112,576)
Expenditures				
Personal Services				
Salaries	77,889	**103,213**	99,563	3,650
Contractual Services				
Communications	1,457	**2,013**	4,063	(2,050)
Publications	945	**1,918**	2,000	(82)
Travel and Training	2,424	**3,493**	2,450	1,043
Other Contractual Services	2,419	**3,483**	3,300	183
Total Contractual Services	7,245	**10,907**	11,813	(906)
Commodities				
General Supplies and Materials	3,337	**2,441**	5,000	(2,559)
Projects	116,485	**115,196**	175,000	(59,804)
Uniforms	99	**123**	250	(127)
Total Commodities	119,921	**117,760**	180,250	(62,490)
Nonoperating Expenditures				
Transfer to Water Sales Tax Reserve	5,100,266	**5,300,000**	5,623,775	(323,775)
Transfer to General - Water Sales Tax	944,450	**1,152,781**	1,152,781	-
Transfer to Employee Benefits	29,364	**34,876**	34,876	-
Transfer to New Equipment Reserve	1,909	**1,909**	1,909	-
Total Nonoperating Expenditures	6,075,989	**6,489,566**	6,813,341	(323,775)
Total Expenditures	6,281,044	**6,721,446**	7,104,967	(383,521)
Receipts Over (Under) Expenditures	(934,325)	**(1,061,726)**		
Unencumbered Cash - Beginning	2,037,126	**1,102,801**		
Prior Year Cancelled Encumbrances	-	**779**		
Unencumbered Cash - Ending	$ 1,102,801	**41,854**		

CITY OF HAYS, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Refuse Collections	$ 1,742,981	**1,747,885**	1,740,500	7,385
Interest on Investments	20,257	**60,195**	76,143	(15,948)
Yard Waste Tags	656	**483**	600	(117)
Recycling Revenue	44,962	**42,334**	40,000	2,334
Total Receipts	1,808,856	**1,850,897**	1,857,243	(6,346)
Expenditures				
Personal Services				
Salaries	524,127	**554,420**	560,088	(5,668)
Transfer to Employee Benefits	233,750	**243,106**	243,106	-
Total Personal Services	757,877	**797,526**	803,194	(5,668)
Contractual Services				
Communications	2,748	**2,279**	1,900	379
Publications	-	**766**	2,000	(1,234)
Utility - Water, Light and Power	7,474	**8,922**	11,200	(2,278)
Other Contractual Services	473,144	**532,465**	523,000	9,465
Contingency	7,033	**10,601**	50,000	(39,399)
Travel and Training	822	**975**	2,000	(1,025)
Transfer to Solid Waste Reserve	193,226	**285,000**	232,859	52,141
Transfer to General	259,000	**278,586**	278,586	-
Total Contractual Services	943,447	**1,119,594**	1,101,545	18,049
Commodities				
Office Supplies	27	**206**	550	(344)
General Supplies	13,369	**12,642**	24,000	(11,358)
Equipment Expense	8,697	**5,023**	15,000	(9,977)
Uniforms	5,831	**6,127**	5,300	827
Repairs to Buildings and Structures	880	**21,279**	18,000	3,279
Total Commodities	28,804	**45,277**	62,850	(17,573)
Total Expenditures	1,730,128	**1,962,397**	1,967,589	(5,192)
Receipts Over (Under) Expenditures	78,728	**(111,500)**		
Unencumbered Cash - Beginning	54,539	**133,267**		
Unencumbered Cash - Ending	$ 133,267	**21,767**		

CITY OF HAYS, KANSAS
Stormwater Management Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Stormwater Fee	$ 826,946	**846,499**	818,101	28,398
Miscellaneous	1,646	**-**	-	-
Transfer from General Fund	16,500	**16,500**	16,500	-
Total Receipts	845,092	**862,999**	834,601	28,398
Expenditures				
Personal Services				
Salaries	204,218	**227,234**	243,421	(16,187)
Transfer to Employee Benefits	78,250	**92,527**	92,527	-
Total Personal Services	282,468	**319,761**	335,948	(16,187)
Contractual Services				
Communications	680	**1,032**	940	92
Other Contractual Services	16,262	**19,839**	20,000	(161)
Contingency	-	**-**	50,000	(50,000)
Professional Services	11,960	**11,534**	30,000	(18,466)
Travel and Training	-	**4,409**	3,500	909
Transfer to General	81,000	**83,460**	83,460	-
Total Contractual Services	109,902	**120,274**	187,900	(67,626)
Commodities				
General Supplies	47,566	**58,835**	70,000	(11,165)
Uniforms	1,225	**1,805**	1,400	405
Transfer to Stormwater Reserve	267,785	**300,000**	223,947	76,053
Transfer to New Equipment Reserve	34,245	**50,285**	50,285	-
Total Commodities	350,821	**410,925**	345,632	65,293
Total Expenditures	743,191	**850,960**	869,480	(18,520)
Receipts Over (Under) Expenditures	101,901	**12,039**		
Unencumbered Cash - Beginning	48,007	**152,714**		
Prior Year Cancelled Encumbrances	2,806	**1,128**		
Unencumbered Cash - Ending	$ 152,714	**165,881**		

CITY OF HAYS, KANSAS
Water Production and Distribution Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Reimbursements	$	144,531	**-**
Transfers In		963,161	**1,400,000**
Total Receipts		1,107,692	**1,400,000**
Expenditures			
Capital Outlay		893,479	**95,742**
Receipts Over (Under) Expenditures		214,213	**1,304,258**
Unencumbered Cash - Beginning		278,017	**492,230**
Unencumbered Cash - Ending	$	492,230	**1,796,488**

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Reimbursed Expenses	$	1,868	**1,868**
Transfers In		355,951	**1,300,000**
Total Receipts		357,819	**1,301,868**
Expenditures			
Capital Outlay		1,366,339	**214,468**
Receipts Over (Under) Expenditures		(1,008,520)	**1,087,400**
Unencumbered Cash - Beginning		2,314,607	**1,314,500**
Prior Year Cancelled Encumbrances		8,413	**-**
Unencumbered Cash - Ending	$	1,314,500	**2,401,900**

CITY OF HAYS, KANSAS
Water Sales Tax Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	5,100,266	**5,300,000**
Expenditures			
Capital Outlay		2,116,093	**3,016,285**
Receipts Over (Under) Expenditures		2,984,173	**2,283,715**
Unencumbered Cash - Beginning		34,458,982	**37,474,766**
Prior Year Cancelled Encumbrances		31,611	**-**
Unencumbered Cash - Ending	$	37,474,766	**39,758,481**

CITY OF HAYS, KANSAS
Solid Waste Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Miscellaneous Income	$	-	**8,825**
Transfers In		193,226	**285,000**
Total Receipts		193,226	**293,825**
Expenditures			
Capital Outlay		133,672	**87,403**
Receipts Over (Under) Expenditures		59,554	**206,422**
Unencumbered Cash - Beginning		921,660	**981,214**
Prior Year Cancelled Encumbrances		-	**28,500**
Unencumbered Cash - Ending	$	981,214	**1,216,136**

CITY OF HAYS, KANSAS
Stormwater Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	267,785	**300,000**
Expenditures			
Capital Outlay		-	**396,410**
Receipts Over (Under) Expenditures		267,785	**(96,410)**
Unencumbered Cash - Beginning		922,956	**1,190,741**
Unencumbered Cash - Ending	$	1,190,741	**1,094,331**

Schedule 3

CITY OF HAYS, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

Funds		Beginning Cash Balance	Receipts	Disbursements	**Ending Cash Balance**
Police Judge	$	160,734	115,007	81,045	**194,696**
CID #1		31,361	137,612	141,566	**27,407**
CID #2		20,692	240,319	240,696	**20,315**
CID #3		7,743	65,976	66,104	**7,615**
CID #4		20,366	573,530	584,311	**9,585**
CID #5		10,664	46,086	56,681	**69**
CID #6		-	11,025	6,921	**4,104**
CID #7		-	35	-	**35**
Tallgrass RHID		19,105	126,350	102,254	**43,201**
Frontier Apts. RHID		-	12,152	12,152	**-**
4th & Fort RHID		-	19,512	19,512	**-**
The Grove RHID		-	139,701	-	**139,701**
Tallgrass 2nd Phase IV Escrow		-	1,847,262	-	**1,847,262**
Economic Development Fund		66,907	300,915	282,683	**85,139**
USD 489 Sales Tax Fund		341,535	3,960,278	4,301,813	**-**
Total	$	679,107	7,595,760	5,895,738	**2,379,129**

CITY OF HAYS, KANSAS

Single Audit Information

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 City Commission
City of Hays, Kansas
Hays, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of Hays, Kansas**, as of and for the year ended December 31, 2025, and the related notes to the financial statement, and have issued our report thereon dated April 9, 2026. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **City of Hays, Kansas'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **City of Hays, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Hays, 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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Hays, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

April 9, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

Report on Compliance for Each Major Program and for the Passenger Facility Charge Program

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We have audited **City of Hays, Kansas'** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **City of Hays, Kansas**' major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) for the City's passenger facility charge program for the year ended December 31, 2025. **City of Hays, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **City of Hays, 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 and its passenger facility charge program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Passenger Facility Charge Audit Guide for Public Agencies,* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **City of Hays, Kansas'** federal programs, and the terms and conditions of its passenger facility charge program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **City of Hays, Kansas'** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Guide and will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **City of Hays, Kansas'** compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **City of Hays, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of **City of Hays, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of **City of Hays, Kansas'** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

April 9, 2026

CITY OF HAYS, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Passed Through to Sub-Recipients	Federal Expenditures
U.S. Department of Transportation				
Direct Award				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-45	$ -	89,419
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-46	-	235,588
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-47	-	110,588
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-48	-	1,295
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-49	-	8,520
COVID-19 Funding				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	AIP 3-20-0028-44	-	376,887
Passed Through the Kansas Department of Transportation				
Highway Planning and Construction	20.205	TE-0511-01	-	186,900
Highway Safety Cluster				
State and Community Highway Safety	20.600	SP-1300-25	-	5,646
Total U.S. Department of Transportation			-	1,014,843
U.S. Department of Housing and Urban Development				
Passed Through Kansas Department of Commerce				
Community Development Block Grants	14.228	24-CR-004	-	277,683
Total Expenditures of Federal Awards			$ **-**	**1,292,526**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAYS, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Hays, Kansas** under programs of the federal government for the year ended December 31, 2025**.** The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 4 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2025.

NOTE 5 – PASSENGER FACILITY CHARGES

The accompanying schedule of passenger facility charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts in or used in the preparation of the basic financial statements.

Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
15-01-C-00-HYS	$ -	207,045	207,045	-
20-02-C-01-HYS	-	247,147	247,147	-
25-03-C-00-HYS	-	24,225	24,225	-

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statement prepared in accordance with a special purpose framework that is not in compliance with GAAP: Unmodified

Internal control over financial reporting

- Material weakness identified? ____ Yes __X__ No
- Significant deficiency identified? ____ Yes __X__ None Reported
- Noncompliance material to financial statements noted? ____ Yes __X__ No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? ____ Yes __X__ No
- Significant deficiency identified? ____ Yes __X__ None Reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? ____ Yes __X__ No

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted in current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are required to be disclosed under the Uniform Guidance.

CITY COMMISSION
SANDY JACOBS, MAYOR
MASON RUDER, ALAINA CUNNINGHAM
REESE BARRICK, SHAUN MUSIL

CITY MANAGER
TOBY DOUGHERTY
DEPUTY CITY MANAGER
COLLIN BIELSER

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted for the year ended December 31, 2024.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2024-001

Assistance Listing Number – 20.106 (Airport Improvement Program) - Reporting

Federal Award Numbers – AIP 3-20-0028-44, AIP 3-20-0028-45, AIP 3-20-0028-46

Condition
The City did not complete and submit the required reports within the requested timeframe.

Recommendation
We recommend that individuals associated with the Airport Improvement Program add a note to their calendar to remind them of the grant's fiscal year end and the upcoming deadline.

Status
Resolved.