CITY OF MCLOUTH, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2025

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CITY OF MCLOUTH, KANSAS

FINANCIAL STATEMENTS
Year ending December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of McLouth, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of McLouth, Kansas (the City), 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 matter discussed in the "Basis of 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 the 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), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the City, 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 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.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole 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 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, 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 summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget and schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 29, 2026

CITY OF MCLOUTH, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ 196,264	$ 678,194	$ 628,783	$ 245,675	$ 6,922	$ 252,597
Special Purpose Funds:						
Law Enforcement	25,020	25,612	13,920	36,712	-	36,712
Library	-	27,202	27,202	-	-	-
Special Highway	21,800	22,636	22,051	22,385	-	22,385
ARPA Reserve	1,642	-	1,642	-	-	-
Capital Improvement Reserve	237,879	61,645	76,133	223,391	-	223,391
Equipment Reserve	120,880	25,000	5,516	140,364	-	140,364
Tool	-	1,530	896	634	-	634
Bond and Interest Funds:						
Bond and Interest	28,141	41,339	45,891	23,589	-	23,589
Business Funds:						
Water Utility	91,863	303,466	348,139	47,190	7,724	54,914
Sewer Utility	169,812	250,489	245,931	174,370	1,019	175,389
Gas Utility	76,977	277,676	321,929	32,724	4,291	37,015
Total	$ 970,278	$ 1,714,789	$ 1,738,033	$ 947,034	$ 19,956	$ 966,990

Composition of Cash:	
Union State Savings Bank	
Checking	$ 491,093
Certificate of Deposit	536,315
Total Cash	1,027,408
Less: Agency Funds per Schedule 3	[60,418]
Total Reporting Entity	$ 966,990

See independent auditor's report on the financial statements.

CITY OF MCLOUTH, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of McLouth, Kansas, (the City) is a municipal corporation governed by a mayor and a five member council. These financial statements present the City. A related municipal entity is not included in the City's reporting entity even though it was established to benefit the City and/or its constituents:

Public Library Board - the McLouth Public Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be obtained by contacting the Library.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis regulatory 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.

Regulatory Basis Fund Types

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

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

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

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.

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

Agency Fund - funds used to report assets held by the City in a purely custodial capacity (i.e. payroll clearing fund, etc.)

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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least 10 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 regulatory receipt other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2025 budget was not amended.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts 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 the ARPA Reserve, Capital Improvement Reserve, Equipment Reserve, or Tool funds.

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.

NOTE 2 - Deposits and Investments

Deposits. 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.

Investments. 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. As of December 31, 2025, the City held no such investments.

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

NOTE 2 – Deposits and Investments (Continued)

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 has no designated "peak periods." All deposits were legally secured at December 31, 2025.

As of December 31, 2025, the City's carrying amount of deposits was $1,027,408 and the bank balance was $ 1,048,344. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $798,344 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

NOTE 3 - Retirement Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. 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 and KPERS 3 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 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $30,282 for the year ended December 31, 2025.

Net Pension Liability. As of December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $225,658. 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 of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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 KPERS website at www.kspers.gov or can be obtained as described above.

NOTE 4 - Long-Term Debt

During the year ended December 31, 2025, the following changes occurred in long term liabilities:

Type of Issue	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid
General Obligation Bonds	$ 1,187,987	$ -	$ 20,577	$1,167,410	$ 25,314
Utility Loans	69,631	-	27,341	42,290	1,576
Capital Leases	-	212,964	18,901	194,063	5,590
Total	$ 1,257,619	$ 212,964	$ 66,820	$1,403,763	$ 32,480

Outstanding Debt. Long-term debt currently outstanding is as follows:

Purpose	Date Issued	Final Maturity	Interest Rate	Original Amount	Balance December 31, 2025
Series 2022 GO Bonds	2/28/2022	2/28/2062	2.125%	$1,228,000	$ 1,167,410
Utility Loan #C99370999	3/22/2021	1/1/2027	.25% - 2.81%	211,024	42,290
Finance Lease 2024 F-350	9/15/2025	3/15/2030	5.52%	80,021	72,918
Finance Lease 2024 F-600	12/23/2025	12/23/2030	5.25%	132,943	121,145
					$ 1,403,763

General Obligation Bonds. The annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest
2026	$ 21,084	$ 24,807
2027	21,532	24,359
2028	21,989	23,902
2029	22,392	23,499
2030	22,932	22,959
2031 - 2035	122,120	107,335
2036 - 2040	135,663	93,772
2041 - 2045	150,669	78,786
2046 - 2050	167,430	62,025
2051 - 2055	186,000	43,475
2056 - 2060	206,630	22,825
2061 - 2062	88,969	2,851
	$ 1,167,410	$ 530,595

NOTE 4 - Long-Term Debt (Continued)

Utility Loans. The annual debt service requirements to maturity for the utility loan are as follows:

Year Ending December 31,	Principal	Interest
2026	$ 28,044	$ 752
2027	14,246	152
	$ 42,290	$ 904

Finance Leases. The annual debt service requirements to maturity for the finance leases are as follows:

Year Ending December 31,	Principal	Interest
2026	$ 39,304	$ 9,449
2027	41,395	7,589
2028	43,597	5,387
2029	45,916	3,068
2030	23,851	626
	$ 194,063	$ 26,118

NOTE 5 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss, including related lost regulatory receipts. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

NOTE 6 - Compensated Absences

Vacation Leave. A full-time employee may accrue vacation of 6.67 hours per month with 0 to 5 years of service, 8 hours per month with 6 to 10 years of service, 10 hours per month with 11 to 15 years of service and 12 hours per month with more than 15 years of service. The maximum amount of vacation available is three weeks per year. Vacation is vested and terminated employees will be paid for vacation not taken. Effective December 2020, employees were allowed to be paid for any vacation in excess of the maximum accrued vacation carryover hours of 40. The cost of accumulated vacation leave will be recorded as an expenditure at the time the vacation is utilized, as normal personal service expenditure or upon payment to the employee.

Sick Leave. Full-time employees may accrue sick leave at the rate of 1 day per month with a maximum accumulation of 720 days. Upon termination or resignation, no payment for unused sick leave will be made. The cost of accumulated sick pay has not been estimated or accrued by the City.

NOTE 7 - Other Long-Term Obligations from Operations

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in 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. There is no cost to the City under this program.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employers 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 8 - Interfund Transfers

A reconciliation of transfers by fund type for 2025 follows:

From	To	Amount	Regulatory Authority
General	Capital Improvement Reserve	$ 25,000	K.S.A. 12-1,118
General	Equipment Reserve	25,000	K.S.A. 12-1,118
Sewer Utility	Capital Improvement Reserve	10,000	K.S.A. 12-1118
		$ 60,000	

NOTE 9 - Contingencies

The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 10 - Stewardship, Compliance, and Accountability

Expenditures in the Library Fund exceeded the adopted budget for the year ended December 31, 2025, which is a violation of K.S.A. 79-2935.

CITY OF MCLOUTH, 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]
General Funds:					
General	$ 908,564	$ -	$ 908,564	$ 628,783	$ [279,781]
Special Purpose Funds:					
Law Enforcement	40,000	-	40,000	13,920	[26,080]
Library	26,900	-	26,900	27,202	302
Special Highway	72,970	-	72,970	22,051	[50,919]
Bond and Interest Funds:					
Bond and Interest	68,336	-	68,336	45,891	[22,445]
Business Funds:					
Water Utility	389,950	-	389,950	348,139	[41,811]
Sewer Utility	352,886	-	352,886	245,931	[106,955]
Gas Utility	707,238	-	707,238	321,929	[385,309]

SCHEDULE 2 - 1

CITY OF MCLOUTH, KANSAS

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 343,153	$ 341,619	$ 1,534
Licenses and permits	2,794	7,500	[4,706]
Sales tax	78,513	90,000	[11,487]
Municipal court	23,790	50,000	[26,210]
Lease Proceeds	70,988	-	70,988
Franchise fees	46,116	55,000	[8,884]
Sanitation	74,697	80,000	[5,303]
Miscellaneous	24,001	-	24,001
Interest income	14,142	2,000	12,142
Total Receipts	678,194	$ 626,119	$ 52,075
Expenditures			
Salaries and wages	163,568	$ 187,500	$ [23,932]
Employee benefits	101,557	112,520	[10,963]
General government	36,318	54,000	[17,682]
Legal, contract and administration	23,725	25,000	[1,275]
Sanitation	74,228	67,000	7,228
Streets	30,160	74,894	[44,734]
Police operations and maintenance	20,137	43,150	[23,013]
Municipal court	12,031	29,600	[17,569]
Capital outlay	-	248,300	[248,300]
Insurance	34,654	16,000	18,654
Traning, testing and fees	1,404	600	804
Miscellaneous	81,001	-	81,001
Transfers out	50,000	50,000	-
Total Expenditures	628,783	$ 908,564	$ [279,781]
Receipts Over [Under] Expenditures	49,411		
Unencumbered Cash, Beginning	196,264		
Unencumbered Cash, Ending	$ 245,675		

See independent auditor's report on the financial statements.

CITY OF MCLOUTH, KANSAS

LAW ENFORCEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 25,612	$ 26,167	$ [555]
Total Receipts	25,612	$ 26,167	$ [555]
Expenditures			
Commodities	103	$ 2,500	$ [2,397]
Capital outlay	13,817	37,500	[23,683]
Total Expenditures	13,920	$ 40,000	$ [26,080]
Receipts Over [Under] Expenditures	11,692		
Unencumbered Cash, Beginning	25,020		
Unencumbered Cash, Ending	$ 36,712		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 3

CITY OF MCLOUTH, KANSAS

LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 27,202	$ 27,092	$ 110
Total Receipts	27,202	$ 27,092	$ 110
Expenditures			
Recreation and culture	27,202	$ 26,900	$ 302
Total Expenditures	27,202	$ 26,900	$ 302
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF MCLOUTH, KANSAS

SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Intergovernmental	$ 22,636	$ 22,970	$ [334]
Total Receipts	22,636	$ 22,970	$ [334]
Expenditures			
Contractual	22,051	$ 72,970	$ [50,919]
Total Expenditures	22,051	$ 72,970	$ [50,919]
Receipts Over [Under] Expenditures	585		
Unencumbered Cash, Beginning	21,800		
Unencumbered Cash, Ending	$ 22,385		

CITY OF MCLOUTH, KANSAS

NON-BUDGETED FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL *
Regulatory Basis
For the Year Ended December 31, 2025

	ARPA Reserve	Capital Improvement Reserve	Equipment Reserve
Receipts			
Transfers in	$ -	$ 35,000	$ 25,000
Miscellaneous	-	26,645	-
Total Receipts	-	61,645	25,000
Expenditures			
Capital outlay	1,642	76,133	-
Commodities	-	-	-
Misceallenous	-	-	5,516
Total Expenditures	1,642	76,133	5,516
Receipts Over [Under] Expenditures	[1,642]	[14,488]	19,484
Unencumbered Cash, Beginning	1,642	237,879	120,880
Unencumbered Cash, Ending	$ -	$ 223,391	$ 140,364

* These funds are not required to be budgeted.

CITY OF MCLOUTH, KANSAS

BOND & INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 41,339	$ 40,985	$ 354
Total Receipts	41,339	$ 40,985	$ 354
Expenditures			
Bond principal	20,577	$ 20,577	$ -
Bond interest	25,314	25,314	-
Cash forward	-	22,445	[22,445]
Total Expenditures	45,891	$ 68,336	$ [22,445]
Receipts Over [Under] Expenditures	[4,552]		
Unencumbered Cash, Beginning	28,141		
Unencumbered Cash, Ending	$ 23,589		

See independent auditor's report on the financial statements.

CITY OF MCLOUTH, KANSAS

WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Charges to customers	$ 230,533	$ 275,000	$ [44,467]
Lease proceeds	70,988	-	70,988
Miscellaneous	1,945	1,500	445
Total Receipts	303,466	$ 276,500	$ 26,966
Expenditures			
Salaries and wages	51,418	$ 61,000	$ [9,582]
Employee benefits	29,961	28,800	1,161
Operations, maintenance, training	107,933	86,400	21,533
Insurance	6,096	7,000	[904]
Legal and contract services	98,082	20,000	78,082
Water purchased	51,308	60,000	[8,692]
Water main replacement	-	60,000	[60,000]
Fees	3,341	-	3,341
Capital outlay	-	6,750	[6,750]
Transfers out	-	60,000	[60,000]
Total Expenditures	348,139	$ 389,950	$ [41,811]
Receipts Over [Under] Expenditures	[44,673]		
Unencumbered Cash, Beginning	91,863		
Unencumbered Cash, Ending	$ 47,190		

See independent auditor's report on the financial statements.

CITY OF MCLOUTH, KANSAS

SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Charges to customers	$ 176,702	$ 195,000	$ [18,298]
Lease proceeds	70,988	-	70,988
Miscellaneous	2,799	2,000	799
Total Receipts	250,489	$ 197,000	$ 53,489
Expenditures			
Salaries and wages	55,220	$ 70,000	$ [14,780]
Employee benefits	30,177	29,300	877
Operation, maintenance, training	60,762	67,400	[6,638]
Insurance	6,096	11,100	[5,004]
Legal and contract services	83,238	10,000	73,238
Capital outlay	-	155,086	[155,086]
Miscellaneous	438	-	438
Transfers out	10,000	10,000	-
Total Expenditures	245,931	$ 352,886	$ [106,955]
Receipts Over [Under] Expenditures	4,558		
Unencumbered Cash, Beginning	169,812		
Unencumbered Cash, Ending	$ 174,370		

CITY OF MCLOUTH, KANSAS

GAS UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over [Under]
Receipts			
Charges to customers	$ 275,733	$ 456,000	$ [180,267]
Miscellaneous	1,943	1,500	443
Total Receipts	277,676	$ 457,500	$ [179,824]
Expenditures			
Salaries and wages	26,083	$ 38,000	$ [11,917]
Employee benefits	14,976	6,400	8,576
Operation and maintenance	83,004	71,860	11,144
Insurance	6,096	6,000	96
Gas purchased	156,406	320,000	[163,594]
Capital outlay	28,796	214,978	[186,182]
Miscellaneous	6,568	-	6,568
Transfers out	-	50,000	[50,000]
Total Expenditures	321,929	$ 707,238	$ [385,309]
Receipts Over [Under] Expenditures	[44,253]		
Unencumbered Cash, Beginning	76,977		
Unencumbered Cash, Ending	$ 32,724		

CITY OF MCLOUTH, KANSAS

AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2025

FUND	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Utility Deposits	$ 56,066	$ 4,487	$ 300	$ 60,253
Payroll Clearing	380	5,040	5,255	165
Total Agency Funds	$ 56,446	$ 9,527	$ 5,555	$ 60,418

See independent auditor's report on the financial statements.