CITY OF HUGOTON, KANSAS
Hugoton, Kansas

FINANCIAL STATEMENTS
For the year ended December 31, 2025

CITY OF HUGOTON, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2025

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CITY OF HUGOTON, KANSAS

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For the year ended December 31, 2025

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CITY OF HUGOTON, KANSAS

FINANCIAL SECTION

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Hugoton, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Hugoton, 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 matter 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 of Hugoton, Kansas 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 of Hugoton, Kansas 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 of Hugoton, Kansas, 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.

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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 of Hugoton, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 of Hugoton'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 of Hugoton's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hugoton's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for 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 of Hugoton, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated July 16, 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. 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.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

August 4, 2026

CITY OF HUGOTON, KANSAS

Statement 1

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 Encumbrances & Accounts Payable	Ending Cash Balance
General Funds:						
General	$ 1,506,046	$ 3,609,840	$ 3,299,562	$ 1,816,324	$ -	$ 1,816,324
Special Purpose Funds:						
Special City Streets and Highways	36,876	99,111	101,776	34,211	-	34,211
Special Parks and Recreation	28,861	10,512	25,134	14,239	-	14,239
Gas Royalty	634,467	23,971	417,596	240,842	-	240,842
Convention and Tourism Promotion	74,029	36,857	22,676	88,210	-	88,210
Animal Care Benevolence	4,223	2,818	2,974	4,067	-	4,067
Golf Course Expansion	295,458	27,300	195,558	127,200	-	127,200
Shop With a Cop	11,524	8,214	5,971	13,767	-	13,767
Streetscape Improvement	2,630	83	330	2,383	-	2,383
Community Improvement District	43,575	39,698	77,225	6,048	-	6,048
Economic Development	24,990	21,213	20,000	26,203	-	26,203
Special Street Machinery	358,586	96,617	-	455,203	-	455,203
Diversion Fund	5,341	9,743	-	15,084	-	15,084
American Rescue Plan Act	27,732	811	27,570	973	-	973
Opioid Settlement	22,295	7,612	-	29,907	-	29,907
Debt Service Fund – Bond and Interest Fund	233,935	347,399	353,455	227,879	-	227,879
Business Funds – Enterprise Funds:						
Electric System:						
Operating Fund	5,026,164	5,287,200	4,324,413	5,988,951	24	5,988,975
Meter Deposit Fund	-	131,054	131,054	-	98,783	98,783
Equipment Replacement Fund	366,243	12,903	-	379,146	-	379,146
Electric Distribution Upgrade Fund	1,499,806	122,509	39,316	1,582,999	-	1,582,999
Water System:						
Operating Fund	243,998	1,041,146	1,038,443	246,701	-	246,701
Meter Deposit Fund	-	1,176	1,176	-	2,894	2,894
Equipment Replacement Fund I	342,704	55,262	-	397,966	-	397,966
Water Improvement Reserve Fund	1,141,269	465,778	117,670	1,489,377	-	1,489,377
Sanitation System:						
Operating Fund	221,573	505,272	442,695	284,150	-	284,150
Equipment Replacement Fund	518,879	94,354	-	613,233	-	613,233
Sewer System:						
Operating Fund	886,744	625,882	756,618	756,008	-	756,008
Equipment Reserve Fund I	1,490,298	52,565	-	1,542,863	-	1,542,863
Total Reporting Entity (Excluding Agency Funds)	$15,048,246	$12,736,900	$11,401,212	$16,383,934	$101,701	$16,485,635

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

CITY OF HUGOTON, KANSAS

Statement 1
(Continued)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH – REGULATORY BASIS
For the year ended December 31, 2025

Ending Cash Balance		$16,485,635
Composition of Cash:		
Cash on hand with City Clerk	$ 300	
Deposits in Local Depositories:		
Checking Accounts:		
Citizens State Bank – Operating account	983,026	
Citizens State Bank – Petty cash	1,000	
Certificates of Deposit – Citizens State Bank	15,500,000	
Total Cash		$16,484,326
Agency Funds per Schedule 3		1,309
Total Reporting Entity (Excluding Agency Funds)		$16,485,635

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

CITY OF HUGOTON, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Hugoton is a municipal corporation governed by an elected six member council. This regulatory financial statement presents the City of Hugoton (the municipality). A related municipal entity is defined as an entity legally separate from the City, which has a significant dependence on, or relationship with, the City. Based on the criteria used to evaluate potential related municipal entities, it was determined that there were no related municipal entities to present with the municipality's financial statement.

Related Municipal Entities not Presented

The City Council is responsible for appointing the members of the Planning Commission. The Planning Commission has no budgetary or disbursing authority. Its function is solely to advise the City Council and, therefore, is a part of the municipality.

Jointly Governed Organizations

The City, in conjunction with each township in the county, has created the Hugoton Cemetery District. The Hugoton Cemetery District's board consists of one representative from each of the participating entities.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Note 1: Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year of 2025:

Governmental Funds:

General Fund – The Chief Operating Fund – used to account for all resources except those required to be accounted for in another fund.

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

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

Business Funds:

Enterprise Funds – to account for operations that are financed and operated in a manner similar to private business enterprises – where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where periodic determination of revenue earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Agency Funds – used to report assets held by the municipal reporting entity in a purely custodial capacity.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies

Cash and Time Deposits

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate. Deposits are carried at cost.

In accordance with K.S.A. 9-1402 and K.S.A. 12-1675, the City of Hugoton, Kansas, deposited and/or invested all funds with Citizens State Bank of Hugoton, Kansas.

State statutes and local bond ordinances authorize the City to invest in obligations of the U. S. Treasury and certificates of deposit at local financial institutions.

Special Assessments

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.

Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds.

Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

Note 1: Summary of Significant Accounting Policies (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balance

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

Budgetary Information

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

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

If the municipality is holding a revenue neutral rate hearing, the public hearing shall be 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 of Hugoton did hold a revenue neutral rate hearing for this year.

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

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

All legal annual operating budgets are prepared 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 the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused 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:

Special Street Machinery Fund	Water Equipment Replacement Fund I
Electric Meter Deposit Fund	Sanitation Equipment Replacement Fund
Electric Equipment Replacement Fund	Sewer System Reserve Fund I
Water Meter Deposit Fund	American Rescue Plan Act Fund
	Opioid Settlement Fund

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All budgets must be filed with the County Clerk by October 1st. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by Stevens County.

Taxes levied to finance the budget are made available to the City of Hugoton, Kansas after the first of the year and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed annually.

Note 2: Stewardship, Compliance and Accountability

Compliance with Kansas Statutes

The City Clerk did not maintain a formal encumbrance record or an unencumbered budget balance record, which is a violation of KSA 10-1117 and KSA 79-2934.

Fund Balances – Designated for Subsequent Year's Budget

Actual cash carryover was not sufficient for the following funds:

	2025 Unencumbered Cash Balance	2026 Budgeted Unencumbered Cash Carryover
Special Highway	$ 34,211	$ 40,076
Special Parks and Recreation	14,239	17,283

Note 2: Stewardship, Compliance and Accountability (Continued)

Contrary to KSA 79-2935, the City's expenditures exceeded the 2025 budget for the following funds:

	2025 Budget	2025 Expenditures
Shop With a Cop	$ 5,505	$ 5,971
Community Improvement District	46,965	77,225

Note 3: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City of Hugoton. The statute requires banks eligible to hold the City of Hugoton's funds have a main or branch bank in the county in which the City of Hugoton 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 of Hugoton has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Hugoton'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 of Hugoton has no investment policy that would further limit its investment choices.

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City of Hugoton's deposits may not be returned to it. State statutes require the City of Hugoton'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%. All deposits were legally secured at December 31, 2025.

Note 3: Deposits and Investments (Continued)

At December 31, 2025, the City of Hugoton's carrying amount of deposits was $16,484,326 and the bank balance was $16,913,895. Of the bank balance, $250,000 was covered by federal depository insurance and $16,663,895 was collateralized with securities held by the pledging financial institution's agents in the City of Hugoton'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 of Hugoton 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

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Golf Course Expansion Fund		$ 18,000
General Fund	Economic Development		20,000
General Fund	Special Street Machinery Fund	KSA 12-1,117	80,000
Water Fund	Water Improvement Reserve Fund	KSA 12-825d	147,796
Water Fund	Water Equipment Replacement Fund	KSA 12-825d	40,000
Sanitation System Fund	Sanitation Equipment Replacement Fund	KSA 12-1,117	75,000
Sewer Fund	Bond and Interest Fund	KSA 12-825d	243,600
Water Improvement Reserve Fund	Bond and Interest Fund	KSA 12-825d	100,628

Note 5: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The City of Hugoton, Kansas 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.

Note 5: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

KPERS issues 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 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% 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 of Hugoton were $198,934 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City of Hugoton's proportionate share of the collective net pension liability reported by KPERS was $1,561,248. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension

Note 5: Defined Benefit Pension Plan (Continued)

Net Pension Liability (Continued)

liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City of Hugoton's proportion of the net pension liability was based on the ratio of the City of Hugoton'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 6: Other Long-Term Obligations from Operations

Compensated Absences

Vacations

Vacations for full-time City employees shall be allowed as follows:

a. All employees shall be allowed two weeks paid vacation, or ten working days, after completing one complete year's service with the City.
b. Three weeks, or 15 days, paid vacation shall be allowed to each employee completing 10 full years of service with the City.
c. Four weeks, or 20 days, paid vacation shall be allowed after completing 20 years of service with the City.
d. All City employees entitled to vacations as provided in (a), (b), or (c) of this section shall be required to take their vacations within the calendar year. No employee shall be paid additionally for working during his/her vacation time. The superintendent of municipal utilities shall approve the vacation times of all City employees under his/her supervision and control. Vacation times for all other City employees shall be subject to the approval of the governing body.
e. No vacation time shall be allowed to any employee whose employment is terminated for any reason between the first and second anniversary dates of employment. (Ord. 486, 1-504)

Note 6: Other Long-Term Obligations from Operations (Continued)

Compensated Absences (Continued)

Sick Leave

a. Each full-time employee shall be allowed three-fourths day sick leave for every month of continuous employment. Such sick leave shall be accumulative from year to year to a maximum of 90 days. Such accumulation shall not apply to probationary employees, as defined in section 1-503 until the six-months probationary period has expired, at which time such employee shall be credited with four and one-half days sick leave.
b. No sick leave exceeding two days shall be allowed unless, upon request, the employee furnishes to his/her immediate supervisor within 24 hours after he/she returns to work a written statement from a physician; certifying that his/her illness prevented the employee from working and that the employee is physically able to return to work.
c. Any employee receiving sick leave time preceding and/or following any holiday or weekend may be required at the request of his/her supervisor, to furnish a written statement from a physician certifying that his/her sickness prevented the employee from working.
d. An employee shall be required to take a complete physical examination and to furnish written report thereof to his/her immediate supervisor following any serious accident or serious illness.
e. An employee who has exhausted all earned sick leave may, subject to authorization from his/her immediate supervisor, use any unused vacation time during an illness. (Ord. 486, 1-507)
f. Upon the retirement or death of an employee, he/she or his/her estate shall be entitled to compensation for any unused sick leave time, computed on the basis of 100 percent from the anniversary date of his/her employment and not on the basis of the calendar year. (Ord. 486, 1-507). The potential liability at December 31, 2025 was $237,729.

Uncompensated Absences

Absence from Work

All City employees who are employed on a daily or hourly basis shall not be paid for time lost or for being absent from work. (Ord. 486, 1-503)

Note 6: Other Long-Term Obligations from Operations (Continued)

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City of Hugoton, 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 of Hugoton, Kansas 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 of Hugoton, Kansas 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.

Death and Disability Other Post Employment Benefits

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 7: Subsequent Events

The City of Hugoton's management has evaluated events and transactions through August 4, 2026, the date which the financial statement was available to be issued.

Note 8: Long-Term Debt

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 15	2.00-3.00%	04/01/15	$1,975,000	10/01/25	$240,000	$ -	$240,000	$ -	$ 7,200
Series 20	1.55-2.35%	04/21/20	935,000	09/01/30	580,000	-	95,000	485,000	11,255
Finance Leases:									
Police Station	3.49%	08/27/18	135,000	07/30/28	59,535	-	14,117	45,418	2,107
Golf Course	4.80%	08/01/25	170,000	08/01/35	-	170,000	-	170,000	-
Total Contractual Indebtedness					$879,535	$170,000	$349,117	$700,418	$ 20,562

Note 8: Long-Term Debt (Continued)

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

	2026	2027	2028	2029	2030	2031-2035	Total
Principal:							
General obligation bonds	$ 95,000	$ 95,000	$ 95,000	$100,000	$100,000	$ -	$485,000
Finance leases	28,276	29,448	30,650	15,721	16,475	94,848	215,418
Total principal	$123,276	$124,448	$125,650	$115,721	$116,475	$ 94,848	$700,418
Interest:							
General obligation bonds	$ 9,688	$ 8,120	$ 6,410	$ 4,700	$ 2,350	$ -	$ 31,268
Finance leases	9,767	8,594	7,392	6,098	5,344	14,081	51,276
Total interest	$ 19,455	$ 16,714	$ 13,802	$ 10,798	$ 7,694	$ 14,081	$ 82,544
Total Principal and Interest	$142,731	$141,162	$139,452	$126,519	$124,169	$108,929	$782,962

CITY OF HUGOTON, KANSAS

REGULATORY–REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF HUGOTON, KANSAS

Schedule 1

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
For the year ended December 31, 2025

Funds	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds:			
General	$3,901,157	$3,299,562	$ (601,595)
Special Purpose Funds:			
Special City Streets and Highways	143,916	101,776	(42,140)
Special Parks and Recreation	58,002	25,134	(32,868)
Gas Royalty	656,967	417,596	(239,371)
Convention and Tourism Promotion	80,136	22,676	(57,460)
Animal Care Benevolence	4,691	2,974	(1,717)
Golf Course Expansion	317,178	195,558	(121,620)
Shop With a Cop	5,505	5,971	466
Streetscape Improvement	2,719	330	(2,389)
Community Improvement District	46,965	77,225	30,260
Economic Development	45,815	20,000	(25,815)
Diversion	6,137	-	(6,137)
Debt Service Fund:			
Bond and Interest Fund	353,455	353,455	-
Business Funds:			
Enterprise Funds:			
Electric System:			
Operating Fund	8,243,684	4,324,413	(3,919,271)
Electric Distribution Upgrade Fund	1,591,611	39,316	(1,552,295)
Water System:			
Operating Fund	1,346,318	1,038,443	(307,875)
Water Improvement Fund	1,512,842	117,670	(1,395,172)
Sanitation System:			
Operating Fund	661,277	442,695	(218,582)
Sewer System:			
Operating Fund	1,479,035	756,618	(722,417)

CITY OF HUGOTON, KANSAS

Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025

CITY OF HUGOTON, KANSAS

Schedule 2-1

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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem property tax	$ 926,847	$ 960,545	$ (33,698)	$1,027,740
Delinquent tax	172,383	35,000	137,383	31,557
Motor vehicle tax	167,704	175,765	(8,061)	193,006
16/20 vehicle tax	6,728	5,741	987	6,340
Commercial vehicle tax	7,312	7,705	(393)	9,216
Recreational vehicle tax	1,911	1,731	180	2,381
Local sales tax	1,340,528	1,000,000	340,528	1,121,532
Franchise tax	67,521	87,000	(19,479)	59,915
Watercraft tax	-	299	(299)	-
Total taxes	$2,690,934	$2,273,786	$417,148	$2,451,687
Intergovernmental Revenue:				
Local alcoholic liquor	$ 9,570	$ 13,622	$ (4,052)	$ 11,015
Compensating use tax	456,956	300,000	156,956	349,399
Total intergovernmental	$ 466,526	$ 313,622	$152,904	$ 360,414
Licenses, Permits, and Fees:				
Licenses	$ 770	$ 2,850	$ (2,080)	$ 1,305
Occupational licenses	4,825	750	4,075	5,060
Permits	2,851	1,650	1,201	1,497
Accident reports	630	260	370	430
Dog licenses & pound fees	1,013	1,000	13	1,108
Total licenses, permits, and fees	$ 10,089	$ 6,510	$ 3,579	$ 9,400
Use of Money and Property:				
Interest on time deposits	$ 69,583	$ 40,000	$ 29,583	$ 79,798
Rentals and leases	16,100	22,500	(6,400)	15,772
Sale of property	246	-	246	-
Total use of money and property	$ 85,929	$ 62,500	$ 23,429	$ 95,570
Other:				
Charges for services	$ 3,580	$ 7,500	$ (3,920)	$ 2,500
Fines, forfeitures, and penalties	53,472	75,000	(21,528)	66,834
Golf course income	203,380	107,920	95,460	128,209
Miscellaneous	95,930	12,500	83,430	189,968
Total other	$ 356,362	$ 202,920	$153,442	$ 387,511
Total Receipts	$3,609,840	$2,859,338	$750,502	$3,304,582

CITY OF HUGOTON, KANSAS

Schedule 2-1
(Continued)

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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Expenditures				
General Government – Administration:				
Personal services	$ 228,997	$ 428,595	$ (199,598)	$ 263,110
Contractual services	95,593	139,750	(44,157)	223,164
Commodities	24,768	10,550	14,218	18,865
Capital outlay	-	20,000	(20,000)	5,000
Totals	$ 349,358	$ 598,895	$ (249,537)	$ 510,139
Municipal Court:				
Personal services	$ 25,712	$ 25,885	$ (173)	$ 24,196
Contractual services	42,489	73,508	(31,019)	47,302
Commodities	7,485	525	6,960	5,519
Totals	$ 75,686	$ 99,918	$ (24,232)	$ 77,017
Public Safety – Police:				
Personal services	$ 857,391	$ 909,878	$ (52,487)	$ 849,882
Contractual services	95,021	221,177	(126,156)	74,907
Commodities	219,188	102,243	116,945	165,115
Capital outlay	119,124	65,000	54,124	27,927
Lease purchase	16,224	16,224	-	16,224
Totals	$1,306,948	$1,314,522	$ (7,574)	$1,134,055
Public Works – Streets and Alleys:				
Personal services	$ 356,895	$ 432,241	$ (75,346)	$ 347,919
Contractual services	170,718	65,589	105,129	101,161
Commodities	163,019	101,399	61,620	118,650
Capital outlay	28,864	75,000	(46,136)	-
Operating transfers	80,000	83,300	(3,300)	79,744
Totals	$ 799,496	$ 757,529	$ 41,967	$ 647,474

CITY OF HUGOTON, KANSAS

Schedule 2-1
(Continued)

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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Expenditures (Continued)				
Culture & Recreation – Parks:				
Personal services	$ 117,810	$ 129,652	$ (11,842)	$ 111,940
Contractual services	10,794	32,551	(21,757)	14,132
Commodities	62,174	18,058	44,116	36,310
Capital outlay	345	25,000	(24,655)	11,374
Totals	$ 191,123	$ 205,261	$ (14,138)	$ 173,756
Economic Development:				
Operating transfers	$ 20,000	$ 20,000	-	$ 20,000
Golf Course:				
Personal services	$ 222,857	$ 292,773	$ (69,916)	$ 276,788
Contractual services	232,850	66,017	166,833	71,138
Commodities	83,244	146,608	(63,364)	96,829
Capital outlay	-	67,000	(67,000)	31,558
Operating transfers	18,000	18,000	-	18,320
Totals	$ 556,951	$ 590,398	$ (33,447)	$ 494,633
Cash reserve	-	$ 314,634	$ (314,634)	-
Total Expenditures	$3,299,562	$3,901,157	$ (601,595)	$3,057,074
Receipts Over (Under) Expenditures	$ 310,278			$ 247,508
Unencumbered Cash, Beginning	1,506,046			1,258,538
Unencumbered Cash, Ending	$1,816,324			$1,506,046

CITY OF HUGOTON, KANSAS

Schedule 2-2

SPECIAL CITY STREETS AND HIGHWAYS 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Gasoline tax	$ 97,329	$101,330	$ (4,001)	$ 99,156
Use of Money and Property:				
Interest on time deposits	1,782	1,800	(18)	1,954
Total Receipts	$ 99,111	$103,130	$ (4,019)	$101,110
Expenditures				
Public Works:				
Personal services	$ 1,775	$ -	$ 1,775	$ -
Contractual services	100,001	100,000	1	100,000
Commodities	-	43,916	(43,916)	-
Total Expenditures	$101,776	$143,916	$ (42,140)	$100,000
Receipts Over (Under) Expenditures	$ (2,665)			$ 1,110
Unencumbered Cash, Beginning	36,876			35,766
Unencumbered Cash, Ending	$ 34,211			$ 36,876

CITY OF HUGOTON, KANSAS

Schedule 2-3

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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Liquor tax	$ 9,570	$ 13,622	$ (4,052)	$ 11,015
Use of Money and Property:				
Interest on time deposits	942	1,000	(58)	1,865
Total Receipts	$ 10,512	$ 14,622	$ (4,110)	$ 12,880
Expenditures				
Culture and Recreation:				
Personal services	$ 3,157	$ 8,500	$ (5,343)	$ 5,299
Contractual services	21,977	1,500	20,477	25,673
Commodities	-	14,740	(14,740)	-
Capital outlay	-	33,262	(33,262)	-
Total Expenditures	$ 25,134	$ 58,002	$ (32,868)	$ 30,972
Receipts Over (Under) Expenditures	$ (14,622)			$ (18,092)
Unencumbered Cash, Beginning	28,861			46,953
Unencumbered Cash, Ending	$ 14,239			$ 28,861

CITY OF HUGOTON, KANSAS

Schedule 2-4

GAS ROYALTY 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Royalty income and gas sales	$ 13,571	$ 10,000	$ 3,571	$ 7,602
Interest on time deposits	10,400	12,500	(2,100)	31,974
Total Receipts	$ 23,971	$ 22,500	$ 1,471	$ 39,576
Expenditures				
Public Works:				
Contractual services	$ 67,197	$402,500	$ (335,303)	$ 1,253
Commodities	350,399	254,467	95,932	-
Total Expenditures	$ 417,596	$656,967	$ (239,371)	$ 1,253
Receipts Over (Under) Expenditures	$ (393,625)			$ 38,323
Unencumbered Cash, Beginning	634,467			596,144
Unencumbered Cash, Ending	$ 240,842			$634,467

CITY OF HUGOTON, KANSAS

Schedule 2-5

CONVENTION AND TOURISM PROMOTION 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Interest on time deposits	$ 3,356	$ 1,500	$ 1,856	$ 3,363
Transient guest tax	33,501	30,000	3,501	35,667
Total Receipts	$ 36,857	$ 31,500	$ 5,357	$ 39,030
Expenditures				
Contractual services	$ 22,676	$ 80,000	$ (57,324)	$ 28,637
Commodities	-	136	(136)	-
Total Expenditures	$ 22,676	$ 80,136	$ (57,460)	$ 28,637
Receipts Over (Under) Expenditures	$ 14,181			$ 10,393
Unencumbered Cash, Beginning	74,029			63,636
Unencumbered Cash, Ending	$ 88,210			$ 74,029

CITY OF HUGOTON, KANSAS

Schedule 2-6

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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem tax	$ -	$ -	$ -	$ 30
Delinquent tax	260	-	260	229
Use of Money and Property:				
Interest on time deposits	2,911	5,000	(2,089)	4,603
Other Receipts:				
Special assessments	-	-	-	59,886
Operating transfers	344,228	353,064	(8,836)	205,129
Total Receipts	$347,399	$358,064	$ (10,665)	$269,877
Expenditures				
Principal	$335,000	$335,000	-	$233,923
Interest	18,455	18,455	-	28,438
Total Expenditures	$353,455	$353,455	-	$262,361
Receipts Over (Under) Expenditures	$ (6,056)			$ 7,516
Unencumbered Cash, Beginning	233,935			226,419
Unencumbered Cash, Ending	$227,879			$233,935

CITY OF HUGOTON, KANSAS

Schedule 2-7

ELECTRIC SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Sales to customers	$4,171,420	$4,800,000	$ (628,580)	$3,915,403
Penalties	49,258	35,000	14,258	33,490
Charge offs, check fees, reconnect fees	6,581	2,500	4,081	8,607
Other Receipts:				
Merchandise	-	2,500	(2,500)	200
Inspections/Permits	178	250	(72)	186
Reimbursed expenses	867,025	-	867,025	423,615
Miscellaneous	3,615	5,000	(1,385)	3,868
Check fees, reconnects	-	6,200	(6,200)	-
Use of Money and Property:				
Interest on time deposits	189,123	125,000	64,123	231,516
Total Receipts	$5,287,200	$4,976,450	$ 310,750	$4,616,885
Expenditures				
Production Expense:				
Personal services	$ 350,814	$ 371,298	$ (20,484)	$ 311,406
Contractual services	3,018,208	4,336,368	(1,318,160)	2,465,553
Commodities	22,557	216,825	(194,268)	23,331
Capital outlay	-	60,000	(60,000)	-
Distribution Expense:				
Personal services	87,950	263,968	(176,018)	269,534
Contractual services	235,781	95,445	140,336	23,415
Commodities	72,971	253,010	(180,039)	152,043
Capital outlay	-	60,000	(60,000)	-

CITY OF HUGOTON, KANSAS

Schedule 2-7
(Continued)

ELECTRIC SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Expenditures (Continued)				
General and Administrative:				
Personal services	220,719	276,750	(56,031)	246,177
Contractual services	308,892	468,815	(159,923)	280,767
Commodities	6,521	34,705	(28,184)	8,335
Capital outlay	-	60,000	(60,000)	30,000
Operating transfers	-	1,746,500	(1,746,500)	-
Total Expenditures	$4,324,413	$8,243,684	$ (3,919,271)	$3,810,561
Receipts Over (Under) Expenditures	$ 962,787			$ 806,324
Unencumbered Cash, Beginning	5,026,164			4,219,840
Unencumbered Cash, Ending	$5,988,951			$5,026,164

CITY OF HUGOTON, KANSAS

Schedule 2-8

WATER SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Water sales to customers	$ 955,340	$ 975,000	$ (19,660)	$ 817,275
Penalties	11,389	7,500	3,889	6,733
Other Receipts:				
Water dock	2,258	37,000	(34,742)	2,123
Tank water	26,297	-	26,297	26,092
Miscellaneous	17,027	1,500	15,527	15,984
Sale of merchandise	2,558	500	2,058	2,220
Inspections	329	350	(21)	339
Use of Money and Property:				
Interest on time deposits	8,921	25,000	(16,079)	22,925
Water services	17,027	24,000	(6,973)	13,184
Operating transfers	-	-	-	10,312
Total Receipts	$1,041,146	$1,070,850	$ (29,704)	$ 917,187
Expenditures				
Production Expense:				
Contractual services	$ 127,572	$ 136,794	$ (9,222)	$ 137,415
Commodities	27,189	10,800	16,389	66,561
Capital outlay	-	43,000	(43,000)	-
Distribution Expense:				
Personal services	270,886	310,322	(39,436)	306,987
Contractual services	42,931	4,300	38,631	13,076
Commodities	84,219	92,396	(8,177)	125,014
Capital outlay	-	70,000	(70,000)	-
Administrative and General Expense:				
Personal services	211,457	194,618	16,839	163,068
Contractual services	53,412	90,660	(37,248)	50,759
Commodities	29,017	4,844	24,173	40,048
Capital outlay	-	-	-	5,000

CITY OF HUGOTON, KANSAS

Schedule 2-8
(Continued)

WATER SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Expenditures (Continued)				
Water Protection Fee	3,964	13,584	(9,620)	10,758
Debt service	-	-	-	10,310
Operating transfers	187,796	375,000	(187,204)	389,216
Total Expenditures	$1,038,443	$1,346,318	$ (307,875)	$1,318,212
Receipts Over (Under) Expenditures	$ 2,703			$ (401,025)
Unencumbered Cash, Beginning	243,998			645,023
Unencumbered Cash, Ending	$ 246,701			$ 243,998

CITY OF HUGOTON, KANSAS

Schedule 2-9

SANITATION SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Sales to customers	$487,004	$450,000	$ 37,004	$443,256
Charge offs	543	200	343	515
Use of Money and Property:				
Interest on time deposits	10,081	10,000	81	11,332
Other Receipts:				
Miscellaneous	7,644	-	7,644	9,115
Total Receipts	$505,272	$460,200	$ 45,072	$464,218
Expenditures				
Collection and Disposal Expense:				
Personal services	$124,329	$152,189	$ (27,860)	$148,913
Contractual services	106,632	82,638	23,994	112,707
Commodities	56,735	108,483	(51,748)	53,306
Capital outlay	-	118,000	(118,000)	-
Administrative and General Expense:				
Personal services	71,920	78,373	(6,453)	74,062
Contractual services	8,055	6,433	1,622	7,076
Commodities	24	161	(137)	141
Capital outlay	-	40,000	(40,000)	2,500
Operating transfers	75,000	75,000	-	70,000
Total Expenditures	$442,695	$661,277	$ (218,582)	$468,705
Receipts Over (Under) Expenditures	$ 62,577			$ (4,487)
Unencumbered Cash, Beginning	221,573			226,060
Unencumbered Cash, Ending	$284,150			$221,573

CITY OF HUGOTON, KANSAS

Schedule 2-10

SEWER SYSTEM 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Sales to customers	$ 339,690	$ 340,000	$ (310)	$ 336,596
Charge offs	569	250	319	589
Other Receipts:				
Merchandise	-	500	(500)	-
Miscellaneous	6,505	-	6,505	5,821
Use of Money and Property:				
Interest on time deposits	31,918	45,000	(13,082)	51,346
Operating transfers	247,200	-	247,200	93,025
Total Receipts	$ 625,882	$ 385,750	$ 240,132	$ 487,377
Expenditures				
Collection and Disposal Expense:				
Personal services	$ 58,050	$ 85,910	$ (27,860)	$ 112,705
Contractual services	78,210	51,090	27,120	49,789
Commodities	27,946	30,284	(2,338)	18,452
Capital outlay	-	125,000	(125,000)	-
Administrative and General Expense:				
Personal services	94,000	128,125	(34,125)	105,952
Contractual services	7,588	28,426	(20,838)	7,439
Commodities	24	-	24	-
Capital outlay	-	50,000	(50,000)	2,500
Principal	-	-	-	161,077
Operating transfers	243,600	980,200	(736,600)	95,210
Debt Service	247,200	-	247,200	93,024
Total Expenditures	$ 756,618	$1,479,035	$ (722,417)	$ 646,148
Receipts Over (Under) Expenditures	$ (130,736)			$ (158,771)
Unencumbered Cash, Beginning	886,744			1,045,515
Unencumbered Cash, Ending	$ 756,008			$ 886,744

CITY OF HUGOTON, KANSAS

Schedule 2-11

ANIMAL CARE BENEVOLENCE 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Donations	$ -	$ 1,500	$ (1,500)	$ -
Use of Money and Property:				
Interest on time deposits	158	125	33	210
Miscellaneous	2,660	-	2,660	2,278
Total Receipts	$ 2,818	$ 1,625	$ 1,193	$ 2,488
Expenditures				
Contractual services	$ 120	$ 3,500	$ (3,380)	$ -
Commodities	2,854	1,191	1,663	2,281
Total Expenditures	$ 2,974	$ 4,691	$ (1,717)	$ 2,281
Receipts Over (Under) Expenditures	$ (156)			$ 207
Unencumbered Cash, Beginning	4,223			4,016
Unencumbered Cash, Ending	$ 4,067			$ 4,223

CITY OF HUGOTON, KANSAS

Schedule 2-12

ELECTRIC DISTRIBUTION UPGRADE 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Royalty income and gas sales	$ 68,557	$ 75,000	$ (6,443)	$ 64,039
Interest on time deposits	53,952	32,000	21,952	74,848
Total Receipts	$ 122,509	$ 107,000	$ 15,509	$ 138,887
Expenditures				
Contractual services	$ 39,316	$ 91,611	$ (52,295)	$ 14,692
Capital outlay	-	1,500,000	(1,500,000)	-
Total Expenditures	$ 39,316	$1,591,611	$ (1,552,295)	$ 14,692
Receipts Over (Under) Expenditures	$ 83,193			$ 124,195
Unencumbered Cash, Beginning	1,499,806			1,375,611
Unencumbered Cash, Ending	$1,582,999			$1,499,806

CITY OF HUGOTON, KANSAS

Schedule 2-13

GOLF COURSE EXPANSION 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Interest on time deposits	$ 9,300	$ 3,400	$ 5,900	$ 9,848
Operating transfers	18,000	18,320	(320)	18,320
Miscellaneous	-	-	-	105,000
Total Receipts	$ 27,300	$ 21,720	$ 5,580	$133,168
Expenditures				
Contractual services	$ 195,558	$300,178	$ (104,620)	$ 600
Capital outlay	-	17,000	(17,000)	-
Total Expenditures	$ 195,558	$317,178	$ (121,620)	$ 600
Receipts Over (Under) Expenditures	$ (168,258)			$132,568
Unencumbered Cash, Beginning	295,458			162,890
Unencumbered Cash, Ending	$ 127,200			$295,458

CITY OF HUGOTON, KANSAS

Schedule 2-14

SHOP WITH A COP 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Donations	$ -	$ 5,000	$ (5,000)	$ -
Use of Money and Property:				
Interest on time deposits	237	75	162	124
Miscellaneous	7,977	-	7,977	13,101
Total Receipts	$ 8,214	$ 5,075	$ 3,139	$ 13,225
Expenditures				
Contractual services	$ 5,971	$ -	$ 5,971	$ 261
Commodities	-	5,505	(5,505)	220
Total Expenditures	$ 5,971	$ 5,505	$ 466	$ 481
Receipts Over (Under) Expenditures	$ 2,243			$ 12,744
Unencumbered Cash, Beginning	11,524			(1,220)
Unencumbered Cash, Ending	$ 13,767			$ 11,524

CITY OF HUGOTON, KANSAS

Schedule 2-15

STREETSCAPE IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Interest on time deposits	$ 83	$ 50	$ 33	$ 136
Expenditures				
Contractual services	$ 330	$ -	$ 330	$ -
Commodities	-	1,719	(1,719)	525
Capital outlay	-	1,000	(1,000)	-
Total Expenditures	$ 330	$ 2,719	$ (2,389)	$ 525
Receipts Over (Under) Expenditures	$ (247)			$ (389)
Unencumbered Cash, Beginning	2,630			3,019
Unencumbered Cash, Ending	$ 2,383			$ 2,630

CITY OF HUGOTON, KANSAS

Schedule 2-16

WATER IMPROVEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Collections from utility bills	$ 267,122	$ 270,000	$ (2,878)	$ 264,962
Miscellaneous	-	100	(100)	-
Use of Money and Property:				
Interest on time deposits	50,860	25,000	25,860	65,257
Operating transfers	147,796	140,000	7,796	135,644
Total Receipts	$ 465,778	$ 435,100	$ 30,678	$ 465,863
Expenditures				
Contractual services	$ 17,042	$ 204,842	$ (187,800)	$ 329,474
Capital outlay	-	1,200,000	(1,200,000)	-
Operating transfers	100,628	108,000	(7,372)	96,347
Total Expenditures	$ 117,670	$1,512,842	$ (1,395,172)	$ 425,821
Receipts Over (Under) Expenditures	$ 348,108			$ 40,042
Unencumbered Cash, Beginning	1,141,269			1,101,227
Unencumbered Cash, Ending	$1,489,377			$1,141,269

CITY OF HUGOTON, KANSAS

Schedule 2-17

COMMUNITY IMPROVEMENT DISTRICT 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
CID tax	$ 38,878	$ 45,000	$ (6,122)	$ 40,763
Use of Money and Property:				
Interest on time deposits	820	350	470	972
Total Receipts	$ 39,698	$ 45,350	$ (5,652)	$ 41,735
Expenditures				
Contractual services	77,225	$ 46,965	$ 30,260	-
Receipts Over (Under) Expenditures	$ (37,527)			$ 41,735
Unencumbered Cash, Beginning	43,575			1,840
Unencumbered Cash, Ending	$ 6,048			$ 43,575

CITY OF HUGOTON, KANSAS

Schedule 2-18

ECONOMIC DEVELOPMENT 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Interest on time deposits	$ 1,213	$ 700	$ 513	$ 1,275
Operating transfers	20,000	20,000	-	20,000
Total Receipts	$ 21,213	$ 20,700	$ 513	$ 21,275
Expenditures				
Contractual services	$ 20,000	$ 20,000	$ -	$ 20,000
Commodities	-	25,815	(25,815)	-
Total Expenditures	$ 20,000	$ 45,815	$ (25,815)	$ 20,000
Receipts Over (Under) Expenditures	$ 1,213			$ 1,275
Unencumbered Cash, Beginning	24,990			23,715
Unencumbered Cash, Ending	$ 26,203			$ 24,990

CITY OF HUGOTON, KANSAS

Schedule 2-19

DIVERSION 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			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Use of Money and Property:				
Diversion fees	$ -	$ 1,500	$ (1,500)	$ -
Interest on time deposits	533	150	383	1,035
Miscellaneous	9,210	-	9,210	3,870
Total Receipts	$ 9,743	$ 1,650	$ 8,093	$ 4,905
Expenditures				
Contractual services	-	$ 5,000	$ (5,000)	$ 18,878
Commodities	-	1,137	(1,137)	173
Total Expenditures	-	$ 6,137	$ (6,137)	$ 19,051
Receipts Over (Under) Expenditures	$ 9,743			$ (14,146)
Unencumbered Cash, Beginning	5,341			19,487
Unencumbered Cash, Ending	$ 15,084			$ 5,341

CITY OF HUGOTON, KANSAS

Schedule 2
(Continued)

SCHEDULES OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025

CITY OF HUGOTON, KANSAS

Schedule 2-20

SPECIAL STREET MACHINERY 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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 16,617	$ 24,237
Operating transfers	80,000	79,744
Total Receipts	$ 96,617	$ 103,981
Expenditures		
Capital outlay	-	263,246
Receipts Over (Under) Expenditures	$ 96,617	$ (159,265)
Unencumbered Cash, Beginning	358,586	517,851
Unencumbered Cash, Ending	$455,203	$ 358,586

CITY OF HUGOTON, KANSAS

Schedule 2-21

ELECTRIC METER DEPOSIT 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)

	2025	2024
Receipts		
Customer deposits received	$131,054	$ 20,414
Expenditures		
Customer deposits returned, forfeited or forfeitable	131,054	20,414
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

CITY OF HUGOTON, KANSAS

Schedule 2-22

ELECTRIC EQUIPMENT REPLACEMENT 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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 12,903	$ 18,569
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 12,903	$ 18,569
Unencumbered Cash, Beginning	366,243	347,674
Unencumbered Cash, Ending	$379,146	$366,243

CITY OF HUGOTON, KANSAS

Schedule 2-23

WATER METER DEPOSIT 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)

	2025	2024
Receipts		
Customer deposits received	$ 1,176	$ 1,346
Expenditures		
Customer deposits returned, forfeited or forfeitable	1,176	1,346
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

CITY OF HUGOTON, KANSAS

Schedule 2-24

WATER EQUIPMENT REPLACEMENT FUND I
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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 15,262	$ 8,778
Operating transfers	40,000	240,000
Total Receipts	$ 55,262	$248,778
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 55,262	$248,778
Unencumbered Cash, Beginning	342,704	93,926
Unencumbered Cash, Ending	$397,966	$342,704

CITY OF HUGOTON, KANSAS

Schedule 2-25

SANITATION EQUIPMENT REPLACEMENT 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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 19,354	$ 23,895
Operating transfers	75,000	70,000
Total Receipts	$ 94,354	$ 93,895
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 94,354	$ 93,895
Unencumbered Cash, Beginning	518,879	424,984
Unencumbered Cash, Ending	$613,233	$518,879

CITY OF HUGOTON, KANSAS

Schedule 2-26

SEWER SYSTEM RESERVE FUND I
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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 52,565	$ 75,598
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 52,565	$ 75,598
Unencumbered Cash, Beginning	1,490,298	1,414,700
Unencumbered Cash, Ending	$1,542,863	$1,490,298

CITY OF HUGOTON, KANSAS

Schedule 2-27

AMERICAN RESCUE PLAN ACT 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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 811	$ 6,174
Expenditures		
Contractual services	27,570	145,826
Receipts Over (Under) Expenditures	$ (26,759)	$ (139,652)
Unencumbered Cash, Beginning	27,732	167,384
Unencumbered Cash, Ending	$ 973	$ 27,732

CITY OF HUGOTON, KANSAS

Schedule 2-28

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)

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 986	$ 391
Miscellaneous	6,626	22,507
Total Receipts	$ 7,612	$ 22,898
Expenditures		
Contractual services	-	$ 13
Commodities	-	590
Total Expenditures	-	$ 603
Receipts Over (Under) Expenditures	$ 7,612	$ 22,295
Unencumbered Cash, Beginning	22,295	-
Unencumbered Cash, Ending	$ 29,907	$ 22,295

CITY OF HUGOTON, KANSAS

Schedule 3

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
Sales Tax Fund	$ (1,773)	$ 3,920	$ 3,456	$ (1,309)