CITY OF INDEPENDENCE, KANSAS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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CITY OF INDEPENDENCE, KANSAS
Financial Statements
For the Year Ended December 31, 2025
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Independence, Kansas

Report on the Audit of the Financial Statements

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 Independence, Kansas and its related municipal entity, the Housing Authority of The City of Independence, Kansas (collectively, 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 for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

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

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 audit opinions.

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

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

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

- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements-agency funds and the schedule of regulatory basis receipts and expenditures-related municipal entity (Schedules 1, 2, 3 and 4) 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*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2026, on our consideration of the City's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report in an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Matters
The 2024 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Independence, Kansas, as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated July 10, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipalservices. 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.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 19, 2026

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

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 1,874,516	$ -	$ 10,627,518	$ 11,162,385	$ 1,339,649	$ 542,192	$ 1,881,841
Special Purpose Funds:							
General Fund Employee Benefits	[10,585]	-	10,585	-	-	-	-
Library	-	-	289,159	249,999	39,160	-	39,160
Special Alcohol	118,930	-	40,316	30,000	129,246	-	129,246
Special Parks and Recreation	85,197	-	48,461	62,952	70,706	-	70,706
Industrial	422	-	28,221	27,500	1,143	-	1,143
Liability Insurance	140,748	-	7,996	92,643	56,101	[1,015]	55,086
Economic Development and Transportation	1,258,953	-	675,300	706,898	1,227,355	101,750	1,329,105
Special Use Sales Tax (New)	-	-	2,654,733	2,654,733	-	-	-
Educational Sales Tax	-	-	2,654,733	2,226,904	427,829	-	427,829
Quality of Life Sales Tax	-	-	-	-	-	-	-
Special Use Sales Tax (Old)	[4,375]	-	4,375	-	-	-	-
Combined Special Highway & Streets	10,093	-	480,940	382,422	108,611	-	108,611
Fight Addiction	53,043	-	17,199	-	70,242	-	70,242
Special Park	70,271	-	54,683	12,674	112,280	1,202	113,482
Crime Prevention	589	-	4	-	593	-	593
Law Enforcement Trust	13,658	-	1,253	-	14,911	-	14,911
Downtown Tree Replacement	16,798	-	598	-	17,396	-	17,396
Demolition	2,882	-	145,386	122,141	26,127	-	26,127
Memorial Hall	14,645	-	-	-	14,645	-	14,645
E-911 (Old)	4,697	-	-	-	4,697	-	4,697
E-911 (New)	293,345	-	148,291	357,834	83,802	127,407	211,209
Incubator Building	130,795	-	34,045	37,140	127,700	-	127,700
Logan Foundation	124	-	-	-	124	-	124
City Grants	359,727	-	200,000	99,997	459,730	2,000	461,730
Land Bank	34,681	-	1,220	1,341	34,560	-	34,560
Employee Wellness	62,236	-	73,590	5,470	130,356	-	130,356
Fire/EMS Grant	2,348	-	57,962	59,396	914	4,394	5,308
Walmart Grant	3,046	-	-	-	3,046	-	3,046
Federal Grants	[268,569]	-	863,107	475,204	119,334	39,698	159,032
Bond and Interest Funds:							
Bond and Interest	599,880	-	16,337,502	16,452,062	485,320	12,962	498,282
Capital Project Funds:							
General Capital Reserve	511,367	-	780,247	886,150	405,464	20,555	426,019
Streets Capital Reserve	1,791,174	-	2,355,317	1,206,668	2,939,823	9,521	2,949,344
Airport Capital Reserve	313,146	-	346,339	661,953	[2,468]	83,888	81,420
Water/Sewer Capital Reserve	5,672,001	-	2,890,035	4,983,472	3,578,564	18,059	3,596,623
Water Treatment Facility Upgrade	[13,559]	-	-	-	[13,559]	-	[13,559]
City Projects	1,206,721	-	3,526,814	4,765,405	[31,870]	26,673	[5,197]
Penn/Chestnut - Oak Project	34,943	-	-	-	34,943	-	34,943
2015-2016 KLINK Project	318,879	-	-	-	318,879	-	318,879
ADA DOJ #204-29-144	740,799	-	-	10,325	730,474	-	730,474

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

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

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
Capital Project Funds (Continued):							
WPC Loan C20 2043 Project	$ [1,375,349]	$ -	$ 1,357,207	$ 93,819	$ [111,961]	$ 10,469	$ [101,492]
12" Pipeline - Bartlett Project	3,982,992	-	-	1,606,624	2,376,368	275,754	2,652,122
KPWSL #3058 Waterline Project	[163,725]	-	11,232	76,919	[229,412]	413	[228,999]
Business Funds:							
Airport	49,257	-	715,393	757,252	7,398	15,534	22,932
Water/Sewer Utility	1,727,404	-	6,437,938	7,020,745	1,144,597	108,832	1,253,429
Sanitation Utility	229,194	-	1,519,070	1,802,833	[54,569]	75,529	20,960
Grinder Pump Replacement	311,514	-	21,252	-	332,766	-	332,766
Total Primary Government	20,204,853	-	55,418,021	59,091,860	16,531,014	1,475,817	18,006,831
Related Municipal Entity:							
Housing Authority of The City of Independence, Kansas	4,072,435	-	2,226,148	3,099,830	3,198,753	290,440	3,489,193
Total Reporting Entity (excluding Agency Funds)	$ 24,277,288	$ -	$ 57,644,169	$ 62,191,690	$ 19,729,767	$ 1,766,257	$ 21,496,024

COMPOSITION OF CASH:	
Community National Bank	
Checking	$ 2,002
Sweep Account	21,509,800
Cash on Hand	850
Total Cash	21,512,652
Less: Agency Funds per Schedule 3	[16,628]
Total Reporting Entity (excluding Agency Funds)	$ 21,496,024

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

NOTE 1 - Summary of Significant Accounting Policies

The City of Independence, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 et seq. The City operates under a Commission City Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and emergency medical services), highways and streets, water, sewer and trash, social services, culture-recreation, code enforcement, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Independence, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow below. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City is a municipal corporation governed by an elected three-member commission. This financial statement presents the City (the municipality) and its related municipal entity, The Housing Authority of The City of Independence, Kansas, (collectively, the City). This related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, the Independence Public Library.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the *Kansas Municipal Audit and Accounting Guide* (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

> Housing Authority - The Housing Authority of the City of Independence, Kansas is a municipal corporation responsible for operating the City's housing projects. The Housing Authority is governed by a City appointed five-member board. The Housing Authority can sue and be sued. Bond ordinances and the purchase of real property must be approved by the City. All Housing Authority funds are held by the City of Independence and all financial transactions are processed through the City's administrative offices. The Housing Authority's 2025 financial statements have been included as Schedule 4 of the City's financial statements. Complete audited financial statements are prepared and are available at the Housing Authority's administrative office.
>
> Independence Public Library - The City of Independence Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate audited financial statements are prepared and are available at the Independence Public 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 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.

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 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 basis 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.

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

Business Fund - 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 Funds - to account for assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, 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. 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 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 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 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. The original budget was amended for the Economic Development, Special Use Sales Tax (New), Combined Special Highway & Streets, Sanitation Utility, Special Parks and Recreation, and Bond and Interest funds during the year ended December 31, 2025.

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 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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital reserve funds, capital project funds, and the following special purpose and business funds:

- Special Park Fund
- Crime Prevention Fund
- Law Enforcement Trust Fund
- Downtown Tree Replacement Fund
- Demolition Fund
- Memorial Hall Fund
- E-911 (Old) Fund
- E-911 (New) Fund
- Incubator Building Fund
- Logan Fountain Fund
- City Grants Fund
- Land Bank Fund
- Employee Wellness Fund
- Fire/EMS Grant Fund
- Walmart Grant Fund
- Federal Grants Fund
- Grinder Pump Replacement Fund

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

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.

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." The City's deposits were fully secured as of December 31, 2025.

As of December 31, 2025, the City's carrying amount of deposits was $21,512,652 and the bank balance was $21,527,028. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, $21,527,028 was covered by federal depository insurance.

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 - Compensated Absences

All regular full-time and regular part-time employees of the City shall earn vacation leave. Vacation leave shall be earned beginning with the date of employment. Vacation may not be used during the first three months of employment. Vacation is earned at varying rates based on years of service. In the event of termination, unused accrued vacation time is paid out up to 480 hours for full-time employees. Employees terminated prior to completing three months of employment shall not be paid for accrued vacation leave.

NOTE 3 - Compensated Absences (Continued)

Sick leave accrues to all regular full-time employees at the rate of eight hours per month and is limited to 1,440 hours. Full-time EMS and sworn officers accrue at a slightly higher rate. Sick leave may be accumulated and carried over to the next year but is lost if employment is terminated. If an employee retires under KPERS they shall be eligible to receive 25% of their accumulated sick leave.

The City has not estimated the liability for compensated absences which has been earned, but not taken by City employees, as the amount cannot be reasonably estimated.

NOTE 4 - Defined Benefit Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 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 KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $423,138 for KPERS and $597,745 for KP&F 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 $4,100,528 and $2,399,085 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup 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 5 - 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.

NOTE 5 - Other Long-Term Obligations from Operations (Continued)

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 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 6 - Interfund Transfers

Operating transfers were as follows during the year ended December 31, 2025:

From	To	Amount	Statutory Authority
Educational Sales Tax	Bond and Interest	$ 249,400	K.S.A. 12,197
City Projects	Bond and Interest	131,732	K.S.A. 12-1,118
Streets Capital Reserve	Bond and Interest	625,000	K.S.A. 12-1,118
Water and Sewer Utility	Bond and Interest	77,825	K.S.A. 12-825d
General	General Capital Reserve	337,435	K.S.A. 12-1,118
Economic Dev. And Transportation	Streets Capital Reserve	300,000	K.S.A. 12-1,118
Economic Dev. And Transportation	City Grants	150,000	K.S.A. 79-2934
General	Demolition	75,000	K.S.A. 12-1,118
Special Use Sales Tax (New)	General	663,683	K.S.A. 12,197
Special Use Sales Tax (New)	Bond and Interest	822,967	K.S.A. 12,197
Special Use Sales Tax (New)	City Projects	318,568	K.S.A. 12-1,118
Special Use Sales Tax (New)	Streets Capital Reserve	716,778	K.S.A. 12-1,118
Special Use Sales Tax (New)	Economic Dev. and Transportation	132,737	K.S.A. 12-1,118
Combined Special Highway & Streets	Streets Capital Reserve	382,422	K.S.A. 12-1,118
Sanitation Utility	General	68,915	K.S.A. 12-825d
Water/Sewer Capital Reserve	City Projects	1,250,000	K.S.A. 12-825d
Water/Sewer Capital Reserve	WPC Loan C20 2043 Project	1,357,207	K.S.A. 12-825d
Water and Sewer Utility	General Capital Reserve	40,205	K.S.A. 12-825d
Water and Sewer Utility	City Grants	50,000	K.S.A. 12-825d
Water and Sewer Utility	General	985,891	K.S.A. 12-825d
Water/Sewer Capital Reserve	Airport	125,000	K.S.A. 12-825d
General	Federal Grants	55,000	Grant agreement
City Projects	Federal Grants	100,000	K.S.A. 12-825d
Incubator Building	Economic Dev. and Transportation	37,140	K.S.A. 12-825d
Water and Sewer Utility	Water/Sewer Capital Reserve	675,000	K.S.A. 12-825d
Bond and Interest	Water/Sewer Capital Reserve	2,000,000	K.S.A. 12-825d
		$ 11,727,906	

NOTE 7 - Long-Term Debt

The following table summarizes changes in the City's long-term debt for the year ended December 31, 2025:

Type of Issue	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid
General Obligation Bonds	$ 14,720,000	$ 12,085,000	$ 2,985,000	$ 23,820,000	$ 758,262
General Obligation Temporary Notes	14,565,000	-	10,000,000	4,565,000	532,600
State Revolving Loans	6,251,576	11,232	405,415	5,857,393	51,463
Finance Leases	734,518	636,782	233,917	1,137,384	28,994
Total	$ 36,271,094	$ 12,733,014	$ 13,624,332	$ 35,379,777	$ 1,371,319

General Obligation Bonds. The following table details the City's outstanding general obligation bonds as of December 31, 2025:

General Obligation Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Series 2015-A	2.00 - 3.00%	$ 725,000	$ 1,960,000	7/22/2015	10/1/2030
Series 2016-A	2.00 - 3.00%	245,000	1,875,000	7/12/2016	10/1/2026
Series 2019-A	3.00%	290,000	1,430,000	10/2/2019	10/1/2026
Series 2022-A	3.00 - 5.00%	12,320,000	13,925,000	6/30/2022	10/1/2042
Series 2025	4.33 - 4.35%	8,270,000	10,115,000	3/27/2025	10/1/2029
Series 2025-B	4.00 - 5.00%	1,970,000	1,970,000	8/21/2025	10/1/2035
Total		$ 23,820,000			

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 3,285,000	$ 945,607	$ 4,230,607
2027	2,875,000	800,006	3,675,006
2028	3,005,000	673,802	3,678,802
2029	3,145,000	541,433	3,686,433
2030	980,000	401,956	1,381,956
2031 - 2035	4,595,000	1,674,731	6,269,731
2036 - 2040	4,090,000	923,994	5,013,994
2041 - 2042	1,845,000	205,163	2,050,163
Total	$ 23,820,000	$ 6,166,692	$ 29,986,692

On March 27, 2025, the City issued Taxable General Obligation Bonds, Series 2025-A, in the amount of $8,270,000. Proceeds of the bonds will be used to retire the City's Taxable General Obligation Temporary Notes, Series 2023-1 and provide permanent financing for previously authorized improvements to the Public Water Supply System. The bonds carry interest rates ranging from 4.22% to 4.35% and are scheduled to mature on October 1, 2029.

On August 21, 2025, the City issued General Obligation Bonds, Series 2025-B, in the amount of $1,970,000. Proceeds of the bonds will be used to provide permanent financing for the construction of certain public improvements to the City's public works facilities. The bonds carry interest rates ranging from 4.00% to 5.00% and are scheduled to mature on October 1, 2035.

NOTE 7 - Long-Term Debt (Continued)

General Obligation Temporary Notes. The following table details the City's outstanding general obligation temporary notes as of December 31, 2025:

General Obligation Temporary Notes	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Series 2024-1	4.00%	$ 4,565,000	$ 4,565,000	2/1/2024	10/1/2027

Annual debt service requirements to maturity for the general obligation temporary notes are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ -	$ 182,600	$ 182,600
2027	4,565,000	182,600	4,747,600
Total	$ 4,565,000	$ 365,200	$ 4,930,200

Revolving Loans. The following table details the City's outstanding revolving loan debt as of December 31, 2025:

Purpose	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
KS Water Pollution Control Revolving Fund #1915-01	2.50%	$ 1,492,021	$ 3,764,485	10/24/2011	3/1/2034
KS Public Water Supply Loan Fund #2933	2.33%	1,261,753	1,375,593	8/15/2018	8/1/2041
KS Public Water Supply Loan Fund #3058	1.33%	3,103,619	3,776,894	7/1/2021	2/1/2045
		$ 5,857,393			

Annual debt service requirements to maturity for Kansas Water Pollution Control Revolving Fund No. 1915-01 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 159,624	$ 36,309	$ 195,933
2027	163,639	32,294	195,933
2028	167,756	28,177	195,933
2029	171,976	23,957	195,933
2030	176,302	19,631	195,933
2031 - 2034	652,724	33,042	685,766
Total	$ 1,492,021	$ 173,410	$ 1,665,431

Annual debt service requirements to maturity were not available for Kansas Public Water Supply Loan Fund No. 2933 or Fund No. 3058, as the loans were not finalized as of December 31, 2025.

Finance Leases. The following table details the City's outstanding finance lease obligations as of December 31, 2025:

Finance Leases	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Aerial Fire Truck	3.44%	$ 94,329	$ 597,896	4/1/2019	4/1/2026
Sanitation Truck	1.96%	82,270	199,838	10/19/2022	10/19/2027
Sanitation Truck	4.98%	324,004	395,637	7/25/2024	7/25/2029
Sanitation Truck	4.00%	245,511	245,511	11/19/2025	11/26/2030
Remount Ambulance	3.95%	196,075	196,075	1/9/2025	1/9/2030
Bucket Truck	4.25%	195,195	195,195	3/19/2025	3/19/2030
Total		$ 1,137,384			

NOTE 7 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 327,693	$ 46,858	$ 374,551
2027	242,676	34,297	276,973
2028	210,036	24,589	234,625
2029	219,284	15,316	234,600
2030	137,695	5,793	143,488
Total	$ 1,137,384	$ 126,853	$ 1,264,237

Legal Debt Margin. The City is subject to the municipal finance law of the State of Kansas which limits the net bonded debt the City may have outstanding up to 30 percent of the assessed value of all tangible personal property within the City, as certified to the County Clerk on the proceeding August 25. As of December 31, 2025, the statutory limit for the City was $22,717,223, providing a debt margin of approximately $22,335,083.

Conduit Debt Obligations. From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State of Kansas nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2025, there are 13 series of Industrial Revenue Bonds outstanding, with an aggregate original principal amount payable of $31,130,000.

NOTE 8 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City as of December 31, 2025. The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

NOTE 10 - Incentive Grant Agreement

During the year ended December 31, 2021, the City entered into an incentive grant agreement with Labette County Medical Center. This agreement calls for the City to pay Labette County Medical Center $1,000,000 payable in ten equal annual payments of $100,000 beginning March 1, 2023. The incentive grant agreement calls for Labette County Medical Center to hire and maintain an increasing number of full-time employees and physicians who live in the City and serve its residents.

On December 28, 2023, the City entered into an incentive grant agreement with KwiKom Communications. This agreement calls for the City to pay KwiKom Communications $150,000 payable in three equal installments beginning on the date of the agreement. The incentive agreement calls for KwiKom Communications to construct broadband infrastructure within City limits.

NOTE 11 - City Retirement Benefit

The City offers eligible employees a retirement benefit in the form of a health insurance credit. To qualify, employees must be eligible to retire under KPERS. The retiring employee receives a one-year health insurance credit up to 110% of the cost of single health insurance coverage with individual dental coverage for every 10 years of continuous service to the City.

CITY OF INDEPENDENCE, 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	$ 11,445,356	$ 90,900	$ 11,536,256	$ 11,162,385	$ [373,871]
Special Purpose Funds:					
General Fund Employee Benefits	-	-	-	-	-
Library	293,169	-	293,169	249,999	[43,170]
Special Alcohol	43,978	-	43,978	30,000	[13,978]
Special Parks and Recreation	62,952	-	62,952	62,952	-
Industrial	27,500	-	27,500	27,500	-
Liability Insurance	112,500	-	112,500	92,643	[19,857]
Economic Development and Transportation	727,590	-	727,590	706,898	[20,692]
Special Use Sales Tax (New)	2,700,000	-	2,700,000	2,654,733	[45,267]
Educational Sales Tax	2,500,000	-	2,500,000	2,226,904	[273,096]
Quality of Life Sales Tax	-	-	-	-	-
Special Use Sales Tax (Old)	-	-	-	-	-
Fight Addiction	66,106	-	66,106	-	[66,106]
Bond and Interest Funds:					
Bond and Interest	8,515,138	14,186,714	22,701,852	16,452,062	[6,249,790]
Business Fund:					
Airport	894,852	-	894,852	757,252	[137,600]
Water/Sewer Utility	7,496,768	-	7,496,768	7,020,745	[476,023]
Sanitation Utility	1,788,112	247,355	2,035,467	1,802,833	[232,634]

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 2,049,918	$ 3,106,874	$ 3,370,094	$ [263,220]
Delinquent Tax	102,855	197,134	95,000	102,134
Motor Vehicle Tax	250,321	324,577	307,933	16,644
Recreational Vehicle Tax	2,733	3,173	2,851	322
16/20M Vehicle Tax	835	854	1,129	[275]
Vehicle Rental Excise Tax	9,230	11,704	11,321	383
Commercial Vehicle Tax	9,768	12,689	12,157	532
Watercraft Tax	2,105	2,886	2,490	396
Neighborhood Revitalization	-	-	[37,773]	37,773
In Lieu of Tax	1,692	-	-	-
Nuisance Tax	4,200	823	5,000	[4,177]
Special Assessments	42,613	32,409	40,000	[7,591]
Franchise Tax	495,323	497,314	493,300	4,014
Sales Tax	2,666,579	2,654,733	2,500,000	154,733
Intergovernmental				
Local Alcohol Liquor Tax	43,748	40,316	43,978	[3,662]
Grants	183,254	182,244	182,480	[236]
Licenses and Permits	109,290	94,456	113,250	[18,794]
Fines, Forfeitures and Penalties	202,799	131,349	216,765	[85,416]
Charges for Services				
Ambulance Fees	1,063,468	1,044,749	850,000	194,749
Fire Fees	225	10,227	9,000	1,227
Cemetery Fees	57,925	34,915	61,500	[26,585]
Park Fees	28,782	23,715	39,000	[15,285]
Charge Offs and Recoveries	80,176	114,414	50,000	64,414
Use of Money and Property				
Interest Income	249,065	194,817	251,000	[56,183]
Rents	49,464	71,130	114,000	[42,870]
Memorial Hall Fees	28,884	35,301	39,000	[3,699]
Other Receipts				
Reimbursed Expense	36,234	90,900	-	90,900
Insurance Proceeds	30,612	4,203	-	4,203
Miscellaneous	160,042	[8,877]	13,000	[21,877]
Operating Transfers In	2,409,852	1,718,489	1,748,421	[29,932]
Total Receipts	10,371,992	10,627,518	$ 10,534,896	$ 92,622

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance-Over [Under]
Expenditures				
Administration Department				
Personal Services	$ 409,665	$ 488,816	$ 461,100	$ 27,716
Contractual Services	146,382	132,922	121,000	11,922
Commodities	14,220	12,588	14,000	[1,412]
Capital Outlay	7,130	-	-	-
	577,397	634,326	596,100	38,226
Municipal Court Department				
Personal Services	62,624	66,497	72,455	[5,958]
Contractual Services	94,061	137,932	90,250	47,682
Commodities	4,866	1,950	1,000	950
	161,551	206,379	163,705	42,674
City Hall Department				
Contractual Services	169,277	73,514	96,500	[22,986]
Commodities	11,977	43,288	8,000	35,288
	181,254	116,802	104,500	12,302
General Government Department				
Personal Services	23,919	29,604	15,000	14,604
Contractual Services	544,050	550,189	515,305	34,884
Commodities	12,271	6,575	38,000	[31,425]
Capital Outlay	859	1,789	-	1,789
	581,099	588,157	568,305	19,852
Finance and Records Department				
Personal Services	290,051	316,374	347,254	[30,880]
Contractual Services	81,035	111,633	142,460	[30,827]
Commodities	14,613	12,454	6,500	5,954
Capital Outlay	1,369	-	-	-
	387,068	440,461	496,214	[55,753]
Fire-EMS Department				
Personal Services	1,690,252	2,024,952	2,004,599.00	20,353
Contractual Services	232,871	196,606	145,200	51,406
Commodities	181,032	171,672	203,500	[31,828]
Capital Outlay	-	657	-	657
	2,104,155	2,393,887	2,353,299	40,588

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Expenditures - Continued				
Police Department				
Personal Services	$ 1,572,405	$ 1,773,829	$ 1,755,571	$ 18,258
Contractual Services	160,694	189,474	172,000	17,474
Commodities	196,481	109,996	85,800	24,196
	1,929,580	2,073,299	2,013,371	59,928
Dispatch Department				
Personal Services	260,054	481,855	464,959.00	16,896
Contractual Services	2,530	964	1,000	[36]
Commodities	1,969	1,950	1,900	50
	264,553	484,769	467,859	16,910
Animal Control Department				
Personal Services	66,879	73,780	73,070	710
Contractual Services	57,637	48,885	59,300	[10,415]
Commodities	15,908	3,633	4,800	[1,167]
	140,424	126,298	137,170	[10,872]
Emergency Preparedness Department				
Contractual Services	26,808	[16,373]	18,500	[34,873]
Commodities	2,424	4,262	2,000	2,262
	29,232	[12,111]	20,500	[32,611]
Code Enforcement Department				
Personal Services	104,382	148,267	131,315	16,952
Contractual Services	28,401	46,899	47,180	[281]
Commodities	8,904	7,021	7,600	[579]
	141,687	202,187	186,095	16,092
Street Department				
Personal Services	377,821	445,290	451,041	[5,751]
Contractual Services	417,551	408,146	359,250.00	48,896
Commodities	196,423	224,343	193,425	30,918
Capital Outlay	11,176	-	-	-
	1,002,971	1,077,779	1,003,716	74,063
Economic Development Department				
Contractual Services	31,500	-	-	-

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Expenditures - Continued				
Park Department				
Personal Services	$ 364,220	$ 482,978	$ 500,711	$ [17,733]
Contractual Services	138,848	150,163	214,250	[64,087]
Commodities	61,957	69,840	71,075	[1,235]
Capital Outlay	-	13,580	55,000	[41,420]
	565,025	716,561	841,036	[124,475]
Recreation Department				
Contractual Services	28,030	49,402	5,000	44,402
	28,030	49,402	5,000	44,402
Zoo Department				
Personal Services	326,877	369,693	382,111	[12,418]
Contractual Services	48,678	66,540	83,300	[16,760]
Commodities	106,058	146,013	127,600	18,413
Capital Outlay	13,900	2,689	-	2,689
	495,513	584,935	593,011	[8,076]
Cemetery Department				
Personal Services	176,647	212,034	213,277	[1,243]
Contractual Services	24,072	80,998	80,100	898
Commodities	15,614	21,734	19,000	2,734
Capital Outlay	14,950	492	-	492
	231,283	315,258	312,377	2,881
Library Department				
Contractual Services	13,832	12,353	-	12,353
Commodities	683	12,167	4,000	8,167
	14,515	24,520	4,000	20,520
Memorial Hall Department				
Personal Services	145,073	154,554	136,163	18,391
Contractual Services	126,793	282,414	184,100	98,314
Commodities	15,781	31,463	16,500	14,963
	287,647	468,431	336,763	131,668
Building D Department				
Personal Services	7,497	-	-	-
Contractual Services	236,534	167,941	249,500	[81,559]
Commodities	2,851	8,564	5,500	3,064
Capital Outlay	184,259	1,533	-	1,533
	431,141	178,038	255,000	[76,962]

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Expenditures - Continued				
Planning and Zoning Department				
Contractual Services	$ 878	$ 72	$ 4,500	$ [4,428]
	878	72	4,500	[4,428]
Other Culture and Recreation				
Contractual Services	25,500	25,500	25,400	100
	25,500	25,500	25,400	100
Operating Transfers Out	366,196	467,435	412,435	55,000
Operating Reserve	-	-	545,000	[545,000]
Adjustment for Qualifying Budget Credits	-	-	90,900	[90,900]
Total Expenditures	9,978,199	11,162,385	$ 11,536,256	$ [373,871]
Receipts Over [Under] Expenditures	393,793	[534,867]		
Unencumbered Cash, Beginning	1,480,723	1,874,516		
Unencumbered Cash, Ending	$ 1,874,516	$ 1,339,649		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 866,508	$ -	$ -	$ -
Delinquent Tax	23,064	-	-	-
Motor Vehicle Tax	43,806	-	-	-
Recreational Vehicle Tax	383	-	-	-
16/20 M Vehicle Tax	291	-	-	-
Vehicle Rental Excise Tax	1,237	-	-	-
Commercial Vehicle Tax	2,761	-	-	-
Watercraft Tax	699	-	-	-
Other Receipts				
Miscellaneous	-	10,585	-	10,585
Use of Money and Property				
Interest Income	5,145	-	-	-
Total Receipts	943,894	10,585	$ -	$ 10,585
Expenditures				
General Government				
Personal Services	443,484	-	$ -	$ -
Contractual Services	12,050	-	-	-
Operating Transfers Out	514,866	-	-	-
Total Expenditures	970,400	-	$ -	$ -
Receipts Over [Under] Expenditures	[26,506]	10,585		
Unencumbered Cash, Beginning	15,921	[10,585]		
Unencumbered Cash, Ending	$ [10,585]	$ -		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 194,429	$ 248,993	$ 269,935	$ [20,942]
Delinquent Tax	10,878	15,459	8,500	6,959
Motor Vehicle Tax	24,092	22,522	20,530	1,992
Recreational Vehicle Tax	255	217	190	27
16/20 M Vehicle Tax	93	70	93	[23]
Vehicle Rental Excise Tax	859	854	755	99
Commercial Vehicle Tax	1,025	848	811	37
Watercraft Tax	230	196	166	30
Neighborhood Revitalization	-	-	[3,016]	3,016
In Lieu of Tax	133	-	-	-
Total Receipts	231,994	289,159	$ 297,964	$ [8,805]
Expenditures				
Culture and Recreation				
Appropriation to Library Board	231,994	249,999	$ 293,169	$ [43,170]
Total Expenditures	231,994	249,999	$ 293,169	$ [43,170]
Receipts Over [Under] Expenditures	-	39,160		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 39,160		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Intergovernmental				
Local Alcohol Liquor Tax	$ 43,748	$ 40,316	$ 43,978	$ [3,662]
Total Receipts	43,748	40,316	$ 43,978	$ [3,662]
Expenditures				
Culture and Recreation				
Contractual Services	-	30,000	$ 43,978	$ [13,978]
Total Expenditures	-	30,000	$ 43,978	$ [13,978]
Receipts Over [Under] Expenditures	43,748	10,316		
Unencumbered Cash, Beginning	75,182	118,930		
Unencumbered Cash, Ending	$ 118,930	$ 129,246		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Intergovernmental				
Local Alcohol Liquor Tax	$ 51,826	$ 46,059	$ 46,425	$ [366]
Use of Money and Property				
Interest Income	3,449	2,402	2,392	10
Total Receipts	55,275	48,461	$ 48,817	$ [356]
Expenditures				
Culture and Recreation				
Contractual Services	76,508	62,952	$ 62,952	$ -
Total Expenditures	76,508	62,952	$ 62,952	$ -
Receipts Over [Under] Expenditures	[21,233]	[14,491]		
Unencumbered Cash, Beginning	106,430	85,197		
Unencumbered Cash, Ending	$ 85,197	$ 70,706		

CITY OF INDEPENDENCE, KANSAS
Industrial Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 20,633	$ 23,574	$ 25,563	$ [1,989]
Delinquent Tax	1,154	1,687	1,000	687
Motor Vehicle Tax	3,080	2,480	2,179	301
Recreational Vehicle Tax	22	24	20	4
16/20 M Vehicle Tax	13	9	12	[3]
Vehicle Rental Excise Tax	112	98	80	18
Commercial Vehicle Tax	129	90	86	4
Watercraft Tax	29	21	18	3
Neighborhood Revitalization	-	-	[287]	287
In Lieu of Tax	14	-	-	-
Use of Money and Property				
Interest Income	201	238	-	238
Total Receipts	25,387	28,221	$ 28,671	$ [450]
Expenditures				
General Government				
Appropriations	30,000	27,500	$ 27,500	$ -
Total Expenditures	30,000	27,500	$ 27,500	$ -
Receipts Over [Under] Expenditures	[4,613]	721		
Unencumbered Cash, Beginning	5,035	422		
Unencumbered Cash, Ending	$ 422	$ 1,143		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Liability Insurance Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 2	$ [26]	$ -	$ [26]
Delinquent Tax	3,385	3,048	3,000	48
Motor Vehicle Tax	7,625	1,432	-	1,432
Recreational Vehicle Tax	80	9	-	9
16/20 M Vehicle Tax	36	21	28	[7]
Vehicle Rental Excise Tax	290	119	-	119
Commercial Vehicle Tax	314	3	-	3
Watercraft Tax	70	6	-	6
Use of Money and Property				
Interest Income	6,457	3,384	7,200	[3,816]
Total Receipts	18,259	7,996	$ 10,228	$ [2,232]
Expenditures				
General Government				
Contractual Services	102,325	92,643	$ 112,500	$ [19,857]
Total Expenditures	102,325	92,643	$ 112,500	$ [19,857]
Receipts Over [Under] Expenditures	[84,066]	[84,647]		
Unencumbered Cash, Beginning	224,814	140,748		
Unencumbered Cash, Ending	$ 140,748	$ 56,101		

CITY OF INDEPENDENCE, KANSAS
Economic Development and Transportation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Franchise Tax	$ 326,660	$ 329,240	$ 334,623	$ [5,383]
Use of Money and Property				
Interest Income	397,656	176,183	176,729	[546]
Operating Transfers In	133,329	169,877	172,140	[2,263]
Total Receipts	857,645	675,300	$ 683,492	$ [8,192]
Expenditures				
General Government				
Capital Outlay	1,108,505	256,898	$ 277,590	$ [20,692]
Operating Transfers Out	650,000	450,000	450,000	-
Total Expenditures	1,758,505	706,898	$ 727,590	$ [20,692]
Receipts Over [Under] Expenditures	[900,860]	[31,598]		
Unencumbered Cash, Beginning	2,159,813	1,258,953		
Unencumbered Cash, Ending	$ 1,258,953	$ 1,227,355		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Special Use Sales Tax (New) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 2,666,578	$ 2,654,733	$ 2,700,000	$ [45,267]
Total Receipts	2,666,578	2,654,733	$ 2,700,000	$ [45,267]
Expenditures				
Operating Transfers Out	2,666,578	2,654,733	$ 2,700,000	$ [45,267]
Total Expenditures	2,666,578	2,654,733	$ 2,700,000	$ [45,267]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF INDEPENDENCE, KANSAS
Educational Sales Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 2,666,578	$ 2,654,733	$ 2,500,000	$ 154,733
Total Receipts	2,666,578	2,654,733	$ 2,500,000	$ 154,733
Expenditures				
Culture and Recreation				
Contractual Services	2,600,051	1,977,504	$ 2,250,600	$ [273,096]
Operating Transfers Out	251,300	249,400	249,400	-
Total Expenditures	2,851,351	2,226,904	$ 2,500,000	$ [273,096]
Receipts Over [Under] Expenditures	[184,773]	427,829		
Unencumbered Cash, Beginning	184,773	-		
Unencumbered Cash, Ending	$ -	$ 427,829		

CITY OF INDEPENDENCE, KANSAS
Quality of Life Sales Tax Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Use of Money and Property				
Interest Income	$ -	$ -	$ -	$ -
Total Receipts	-	-	$ -	$ -
Expenditures				
Operating Transfers Out	14,121	-	$ -	$ -
Total Expenditures	14,121	-	$ -	$ -
Receipts Over [Under] Expenditures	[14,121]	-		
Unencumbered Cash, Beginning	14,121	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF INDEPENDENCE, KANSAS
Special Use Sales Tax (Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Other Receipts				
Miscellaneous	$ -	$ 4,375	$ -	$ 4,375
Total Receipts	-	4,375	$ -	$ 4,375
Expenditures				
General Government				
Capital Outlay	20,703	-	$ -	$ -
Total Expenditures	20,703	-	$ -	$ -
Receipts Over [Under] Expenditures	[20,703]	4,375		
Unencumbered Cash, Beginning	16,328	[4,375]		
Unencumbered Cash, Ending	$ [4,375]	$ -		

CITY OF INDEPENDENCE, KANSAS
Combined Special Highway & Streets Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Intergovernmental				
Special Highway Tax	$ 471,870	$ 480,940	$ 480,941	$ [1]
Total Receipts	471,870	480,940	$ 480,941	$ [1]
Expenditures				
Operating Transfers Out	461,777	382,422	$ 491,035	$ [108,613]
Total Expenditures	461,777	382,422	$ 491,035	$ [108,613]
Receipts Over [Under] Expenditures	10,093	98,518		
Unencumbered Cash, Beginning	-	10,093		
Unencumbered Cash, Ending	$ 10,093	$ 108,611		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Fight Addiction Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Intergovernmental				
Settlement Proceeds	$ 26,184	$ 15,175	$ 20,000	$ [4,825]
Use of Money and Property				
Interest Income	1,276	2,024	500	1,524
Total Receipts	27,460	17,199	$ 20,500	$ [3,301]
Expenditures				
General Government				
Contractual Services	-	-	$ 66,106	$ [66,106]
Total Expenditures	-	-	$ 66,106	$ [66,106]
Receipts Over [Under] Expenditures	27,460	17,199		
Unencumbered Cash, Beginning	25,583	53,043		
Unencumbered Cash, Ending	$ 53,043	$ 70,242		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Non-Budgeted Special Purpose Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	Special Park Fund	Crime Prevention Fund	Law Enforcement Trust Fund	Downtown Tree Replacement Fund	Demolition Fund
Receipts					
Use of Money and Property					
Interest Income	$ 3,192	$ -	$ 516	$ 598	$ -
Rents	-	-	-	-	-
Other Receipts					
Reimbursed Expense	-	-	-	-	-
Donations	51,451	-	-	-	-
Miscellaneous	40	4	737	-	70,386
Operating Transfers In	-	-	-	-	75,000
Total Receipts	54,683	4	1,253	598	145,386
Expenditures					
General Government					
Contractual Services	-	-	-	-	-
Commodities	-	-	-	-	-
Capital Outlay	12,674	-	-	-	122,141
Operating Transfers Out	-	-	-	-	-
Total Expenditures	12,674	-	-	-	122,141
Receipts Over [Under] Expenditures	42,009	4	1,253	598	23,245
Unencumbered Cash, Beginning	70,271	589	13,658	16,798	2,882
Unencumbered Cash, Ending	$ 112,280	$ 593	$ 14,911	$ 17,396	$ 26,127

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Non-Budgeted Special Purpose Funds-Continued
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

Memorial Hall Fund	E-911 (Old) Fund	E-911 (New) Fund	Incubator Building Fund	Logan Fountain Fund	City Grants Fund	Land Bank Fund	Employee Wellness Fund
$ -	$ -	$ 9,364	$ -	$ -	$ -	$ 1,220	$ 3,093
-	-	-	34,045	-	-	-	-
-	-	-	-	-	-	-	609
-	-	-	-	-	-	-	-
-	-	138,927	-	-	-	-	69,888
-	-	-	-	-	200,000	-	-
-	-	148,291	34,045	-	200,000	1,220	73,590
-	-	187,628	-	-	-	-	5,470
-	-	57,894	-	-	-	1,341	-
-	-	112,312	-	-	99,997	-	-
-	-	-	37,140	-	-	-	-
-	-	357,834	37,140	-	99,997	1,341	5,470
-	-	[209,543]	[3,095]	-	100,003	[121]	68,120
14,645	4,697	293,345	130,795	124	359,727	34,681	62,236
$ 14,645	$ 4,697	$ 83,802	$ 127,700	$ 124	$ 459,730	$ 34,560	$ 130,356

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Grant Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	Fire/EMS Grant Fund	Walmart Grant Fund	Federal Grants Fund
Receipts			
Intergovernmental			
Grants	$ 31,662	$ -	$ 708,107
Other Receipts			
Donations	26,300	-	-
Operating Transfers In	-	-	155,000
Total Receipts	57,962	-	863,107
Expenditures			
General Government			
Capital Outlay	59,396	-	475,204
Total Expenditures	59,396	-	475,204
Receipts Over [Under] Expenditures	[1,434]	-	387,903
Unencumbered Cash, Beginning	2,348	3,046	[268,569]
Unencumbered Cash, Ending	$ 914	$ 3,046	$ 119,334

* - These funds are not required to be budgeted.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	160	$ 5	$ 4	$ 1
Special Assessments	15,611	-	-	-
Bond Proceeds	879,233	14,430,573	4,506,610	9,923,963
Operating Transfers In	1,775,705	1,906,924	1,920,957	[14,033]
Total Receipts	2,670,709	16,337,502	$ 6,427,571	$ 9,909,931
Expenditures				
Debt Service				
Principal	1,105,000	12,985,000	$ 5,097,623	$ 7,887,377
Interest	1,526,378	1,290,862	1,290,863	[1]
Cost of Issuance	-	176,200	126,652	49,548
Operating Transfers Out	-	2,000,000	2,000,000	-
Adjustment for Qualifying Budget Credits	-	-	14,186,714	[14,186,714]
Total Expenditures	2,631,378	16,452,062	$ 22,701,852	$ [6,249,790]
Receipts Over [Under] Expenditures	39,331	[114,560]		
Unencumbered Cash, Beginning	560,549	599,880		
Unencumbered Cash, Ending	$ 599,880	$ 485,320		

See independent auditor's report on the financial statements.

CITY OF INDEPENDENCE, KANSAS
Capital Reserve Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	General Capital Reserve Fund	Streets Capital Reserve Fund	Airport Capital Reserve Fund	Water/Sewer Capital Reserve Fund
Receipts				
Intergovernmental				
Special Highway Tax	$ -	$ 800,000	$ -	$ -
Grants	-	-	50,736	-
Use of Money and Property				
Interest Income	11,337	101,215	8,374	215,035
Other Receipts				
Reimbursements	391,270	54,902	287,229	-
Operating Transfers In	377,640	1,399,200	-	2,675,000
Total Receipts	780,247	2,355,317	346,339	2,890,035
Expenditures				
General Government				
Capital Outlay	766,554	581,668	661,953	2,251,265
Finance Lease Payment	119,596	-	-	-
Operating Transfers Out	-	625,000	-	2,732,207
Total Expenditures	886,150	1,206,668	661,953	4,983,472
Receipts Over [Under] Expenditures	[105,903]	1,148,649	[315,614]	[2,093,437]
Unencumbered Cash, Beginning	511,367	1,791,174	313,146	5,672,001
Unencumbered Cash, Ending	$ 405,464	$ 2,939,823	$ [2,468]	$ 3,578,564

* - These funds are not required to be budgeted.

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CITY OF INDEPENDENCE, KANSAS
Capital Project Funds
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	Water Treatment Facility Upgrade Fund	City Projects Fund
Receipts		
Other Receipts		
Donations	$ -	$ 40,000
Miscellaneous	-	1,918,246
Debt Proceeds	-	-
Operating Transfers In	-	1,568,568
Total Receipts	-	3,526,814
Expenditures		
General Government		
Capital Outlay	-	4,533,673
Operating Transfers Out	-	231,732
Total Expenditures	-	4,765,405
Receipts Over [Under] Expenditures	-	[1,238,591]
Unencumbered Cash, Beginning	[13,559]	1,206,721
Unencumbered Cash, Ending	$ [13,559]	$ [31,870]

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Capital Project Funds - Continued
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

Penn/Chestnut - Oak Project Fund	2015-2016 KLINK Project Fund	Curb Ramps Project Fund	WPC Loan C20 2043 Project Fund	12" Pipeline - Bartlett Project Fund	KPWSL #3058 Waterline Project Fund
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	11,232
-	-	-	1,357,207	-	-
-	-	-	1,357,207	-	11,232
-	-	10,325	93,819	1,606,624	76,919
-	-	-	-	-	-
-	-	10,325	93,819	1,606,624	76,919
-	-	[10,325]	1,263,388	[1,606,624]	[65,687]
34,943	318,879	740,799	[1,375,349]	3,982,992	[163,725]
$ 34,943	$ 318,879	$ 730,474	$ [111,961]	$ 2,376,368	$ [229,412]

* - These funds are not required to be budgeted.

CITY OF INDEPENDENCE, KANSAS
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Charges for Service				
Fuel Sales	$ 493,923	$ 477,461	$ 750,000	$ [272,539]
Rents	134,758	108,571	136,000	[27,429]
Use of Money and Property				
Interest Income	1,299	860	2,000	[1,140]
Other Receipts				
Reimbursed Expense	470	563	-	563
Miscellaneous	44,092	2,938	-	2,938
Operating Transfers In	-	125,000	-	125,000
Total Receipts	674,542	715,393	$ 888,000	$ [172,607]
Expenditures				
Finance and Records Department				
Personal Services	113,292	114,970	114,675	$ 295
Contractual Services	505,032	583,142	709,620	[126,478]
Commodities	35,242	49,489	35,908	13,581
Capital Outlay	-	[9,646]	34,649	[44,295]
Finance Lease Payments	19,297	19,297	-	19,297
Total Expenditures	672,863	757,252	$ 894,852	$ [137,600]
Receipts Over [Under] Expenditures	1,679	[41,859]		
Unencumbered Cash, Beginning	47,578	49,257		
Unencumbered Cash, Ending	$ 49,257	$ 7,398		

CITY OF INDEPENDENCE, KANSAS
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Charges for Service				
Water Sales	$ 3,168,070	$ 3,449,752	$ 3,845,605	$ [395,853]
Sewer Charges	2,153,564	2,412,066	2,500,000	[87,934]
Late Fees	90,357	91,875	100,000	[8,125]
Turn On & Turn Off	42,949	55,099	38,000	17,099
Charge Offs and Recoveries	10,965	[17,319]	2,000	[19,319]
Other Charges	11,571	-	2,000	[2,000]
Use of Money and Property				
Interest Income	112,912	82,834	75,000	7,834
Other Receipts				
Reimbursed Expense	[584]	1,670	30,000	[28,330]
Insurance Proceeds	23,458	-	-	-
Miscellaneous	5,506	361,961	10,000	351,961
Total Receipts	5,618,768	6,437,938	$ 6,602,605	$ [164,667]
Expenditures				
Water Production				
Personal Services	544,799	563,629	$ 584,035	$ [20,406]
Contractual Services	589,412	397,370	831,500	[434,130]
Commodities	720,448	745,365	713,500	31,865
Capital Outlay	22,052	258,361	225,000	33,361
	1,876,711	1,964,725	2,354,035	[389,310]
Water Distribution				
Personal Services	681,838	542,199	597,008	[54,809]
Contractual Services	256,266	297,444	60,000	237,444
Commodities	444,004	298,789	376,400	[77,611]
	1,382,108	1,138,432	1,033,408	105,024
Sewer Treatment				
Personal Services	206,258	159,051	221,385	[62,334]
Contractual Services	225,333	232,279	211,750	20,529
Commodities	35,378	19,417	62,825	[43,408]
	466,969	410,747	495,960	[85,213]

CITY OF INDEPENDENCE, KANSAS
Water and Sewer Utility Fund - Continued
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Expenditures (Continued)				
Sewer Collections				
Personal Services	$ 9,473	$ -	$ -	$ -
Contractual Services	12,669	30,524	18,000	12,524
Commodities	6,135	65,713	163,750	[98,037]
Capital Outlay	36,091	-	-	-
	64,368	96,237	181,750	[85,513]
Water/Sewer Administration				
Personal Services	380,351	445,070	433,485	11,585
Contractual Services	484,489	586,372	452,500	133,872
Commodities	17,891	32,770	10,000	22,770
	882,731	1,064,212	895,985	168,227
Mg Co Sewer District KDHE	393,961	517,471	606,914	[89,443]
Operating Transfers Out	1,758,242	1,828,921	1,928,716	[99,795]
Total Expenditures	6,825,090	7,020,745	$ 7,496,768	$ [476,023]
Receipts Over [Under] Expenditures	[1,206,322]	[582,807]		
Unencumbered Cash, Beginning	2,933,726	1,727,404		
Unencumbered Cash, Ending	$ 1,727,404	$ 1,144,597		

CITY OF INDEPENDENCE, KANSAS
Sanitation Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Charges for Service				
Trash Collections	$ 1,220,762	$ 1,261,638	$ 1,235,000	$ 26,638
Charge Offs and Recoveries	1,674	[2,581]	[2,582]	1
Other Charges	-	5,764	5,770	[6]
Use of Money and Property				
Interest Income	17,588	6,894	7,000	[106]
Other Receipts				
Miscellaneous	10,934	-	85,000	[85,000]
Finance Lease Proceeds	395,637	247,355	-	247,355
Total Receipts	1,646,595	1,519,070	$ 1,330,188	$ 188,882
Expenditures				
Collections				
Personal Services	692,886	683,800	$ 690,000	$ [6,200]
Contractual Services	441,578	556,068	550,000	6,068
Commodities	108,935	114,855	100,000	14,855
Capital Outlay	395,667	245,511	245,512	[1]
Finance Lease Payment	42,348	133,684	133,685	[1]
Operating Transfers Out	137,940	68,915	68,915	-
Adjustment for Qualifying Budget Credits	-	-	247,355	[247,355]
Total Expenditures	1,819,354	1,802,833	$ 2,035,467	$ [232,634]
Receipts Over [Under] Expenditures	[172,759]	[283,763]		
Unencumbered Cash, Beginning	401,953	229,194		
Unencumbered Cash, Ending	$ 229,194	$ [54,569]		

CITY OF INDEPENDENCE, KANSAS
Grinder Pump Replacement Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	Actual
Receipts	
Charges for Service	
Sewer Charges	$ 9,303
Fees	25
Use of Money and Property	
Interest Income	11,924
Total Receipts	21,252
Expenditures	
Public Works	
Commodities	-
Total Expenditures	-
Receipts Over [Under] Expenditures	21,252
Unencumbered Cash, Beginning	311,514
Unencumbered Cash, Ending	$ 332,766

* - This fund is not required to be budgeted.

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

FUNDS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Fire Insurance Proceeds	$ 37,780	$ -	$ 26,550	$ 11,230
Alcohol Assessment	3,820	-	-	3,820
First Aid Training	1,161	1,528	1,111	1,578
Total Agency Funds	$ 42,761	$ 1,528	$ 27,661	$ 16,628

Schedule 4

CITY OF INDEPENDENCE, KANSAS
Related Municipal Entity - Housing Authority of The City of Independence, Kansas
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2025

	Actual
Receipts	
Charges for Services	
Rents	$ 693,188
Use of Money and Property	
Interest Income	169,083
Intergovernmental	
City Payments	475,000
HAP Payments	504,448
Federal Grants	143,841
Operations	
Security Deposits	11,148
Other Receipts	
Miscellaneous	220,598
Reimbursed Expense	8,842
Total Receipts	2,226,148
Expenditures	
Personal Services	498,863
Contractual Services	568,204
Commodities	82,988
Capital Outlay	1,949,775
Total Expenditures	3,099,830
Receipts Over [Under] Expenditures	[873,682]
Unencumbered Cash, Beginning	4,072,435
Unencumbered Cash, Ending	$ 3,198,753

* - This fund is not required to be budgeted.

See independent auditor's report on the financial statements.

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Expenditures
U.S. Department of Agriculture		
Community Facilities Direct Loan & Grant Program	10.766	50,000
Total U.S. Department of Agriculture		50,000
U.S. Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	294,408
Total U.S. Department of Justice		294,408
U.S. Department of the Interior		
Passed Through Kansas Department of Wildlife and Parks:		
Outdoor Recreation Acquisition, Development and Planning	15.916	1,918,246
Total U.S. Department of the Interior		1,918,246
U.S. Department of the Transportation		
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment Jobs Act	20.106	287,229
Total U.S. Department of the Transportation		287,229
U.S. Department of Housing and Urban Development		
Passed Through Kansas Department of Commerce:		
Community Development Block Grants	14.228	317,348
Passed Through Kansas Housing Resources Corporation:		
Home Investment Partnerships Program	14.239	127,548
Total U.S. Department of Housing and Urban Development		444,896
Total Expenditures of Federal Awards		$ 2,994,779

The accompanying notes are an integral part of this schedule.

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

1. Organization

The City of Independence, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2025.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2025.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse (GAAP)		
Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	____ Yes	X No	

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
15.916	Outdoor Recreation Acquisition, Development and Planning

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000		
Auditee qualified as low-risk auditee?	____ Yes	X No	

CITY OF INDEPENDENCE, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2025

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

CITY OF INDEPENDENCE, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2025

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

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

Mayor and City Commission
City of Independence, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Independence, Kansas (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 19, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Commission
City of Independence, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

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

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

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2025, and have issued our report thereon dated June 19, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 19, 2026