CITY OF ARKANSAS CITY, KANSAS

Financial Statements

For the Year Ended December 31, 2025

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

Mayor and City Commissioners
City of Arkansas City, Kansas

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the "Basis of Adverse and Unmodified Opinions" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2025, or the changes in financial position and cash flows thereof for the year then ended.

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

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

Other Matter

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Arkansas City, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated April 4, 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

April 9, 2026

CITY OF ARKANSAS CITY, 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	$ 3,225,679	$ -	$ 14,570,721	$ 14,354,178	$ 3,442,222	$ 866,313	$ 4,308,535
Special Purpose Funds:							
Special Recreation and Parks	50,201	-	15,445	20,055	45,591	-	45,591
Special Street and Highway	1,022,494	-	593,269	525,324	1,090,439	40,065	1,130,504
Tourism	143,884	-	180,335	152,223	171,996	-	171,996
Special Alcohol	79,709	-	18,205	20,859	77,055	73	77,128
Library	-	-	478,076	478,076	-	-	-
Land Bank	17,990	-	7,861	2,347	23,504	-	23,504
Healthcare Sales Tax	-	-	2,850,114	2,850,114	-	-	-
Unpledged Healthcare Sales Tax	130,212	-	110,901	121,517	119,596	-	119,596
CID Sales Tax	-	-	78,716	78,716	-	-	-
Special Law Enforcement Trust	2,848	-	-	-	2,848	-	2,848
Equipment Reserve	184,746	-	-	-	184,746	-	184,746
Capital Improvements Reserve	1,249,551	-	48,929	383,250	915,230	315,820	1,231,050
Municipalities Fighting Addiction	72,314	-	16,997	-	89,311	-	89,311
Bond and Interest Funds:							
Bond and Interest	140,415	-	2,377,434	1,946,455	571,394	-	571,394
Business Funds:							
Water Utility	2,202,830	-	5,969,690	5,464,947	2,707,573	497,555	3,205,128
Sewer Utility	5,545,786	-	3,193,281	3,765,378	4,973,689	152,989	5,126,678
Sanitation Utility	1,731,034	-	2,059,896	1,742,177	2,048,753	94,424	2,143,177
Stormwater Utility	670,144	-	567,953	435,631	802,466	14,857	817,323
Total Reporting Entity [Excluding Agency Funds]	$ 16,469,837	$ -	$ 33,137,823	$ 32,341,247	$ 17,266,413	$ 1,982,096	$ 19,248,509

Composition of Cash:	
RCB Bank	
Checking	$ 853,681
Certificates of Deposit	7,330,141
Union State Bank	
Checking	10,003
Certificates of Deposit	62,790
The Stock Exchange Bank	
Certificates of Deposit	4,000,000
Community National Bank	
Certificates of Deposit	7,000,000
Petty Cash	1,625
Total Cash	19,258,240
Less: Agency Funds per Schedule 3	[9,731]
Total Reporting Entity [Excluding Agency Funds]	$ 19,248,509

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

NOTE 1 - Summary of Significant Accounting Policies

The City of Arkansas City, Kansas, (the City) is incorporated as a City of the second class, under the provisions of K.S.A. 13-101 et seq. The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Arkansas City, 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. Note 1 describes how the City's accounting policies differ from generally accepted accounting principles.

Financial Reporting Entity

The City of Arkansas City, Kansas (the City) is a municipal corporation governed by an elected five-member commission. This financial statement presents the City of Arkansas City, Kansas.

Related Municipal Entity. 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:

Arkansas City Public Library - The City of Arkansas City Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate audited financial statements are available at the Library.

South Central Kansas Regional Medical Center - The Medical Center Board of Trustees operates the City's hospital. The hospital can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Separate audited financial statements are available at the Medical Center.

Arkansas City Public Building Commission - The City of Arkansas City Public Building Commission was created to oversee the construction of the Regional Medical Center facility. Acquisition or disposition of real property or bond issuances must be approved by the City. The City is acting as the fiduciary agent for the Commission. Separate financial statements are not prepared by the Commission.

Strother Field Airport and Industrial Park - The City has adopted Ordinance No. 98-11-3793 providing for an interlocal cooperation agreement between the City of Arkansas City, the City of Winfield and Strother Field to provide financing of water systems improvements at Strother Field. The agreement provides for $500,000 in G.O. bonds to be issued by the City of Winfield to finance the improvements. If Strother Field defaults on the bond issue, the cities of Arkansas City and Winfield would each be responsible for 50% of the remaining liability. The agreement acknowledges that the obligations of Arkansas City are subject to K.S.A. 10-1101 et seq., and as such, Arkansas City is obligated only to the extent that is has funds actually on hand in its treasury at the time for such purpose. In 2022, the City adopted Ordinance No. 2022-04-3476 providing for the issuance of $4.47 million in G.O. bonds issued by the City for public building improvements at the Airport. The Strother Field Airport and Industrial Park joint venture have had an audit of their financial statements completed separately.

Arkansas City/Winfield Recycling Center - The cities of Arkansas City and Winfield, Kansas entered into an interlocal agreement to jointly purchase and operate a recycling center. Records are maintained by the City of Winfield; both cities share equally in the costs and recycling revenues. Separate financial information can be obtained from the Center.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Regulatory 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.

Reimbursed Expense

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. As of December 31 of each year, such taxes become a lien on the property.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Arkansas City, Kansas, for the year of 2025:

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Agency Fund - funds used to report assets held by the City in a purely custodial capacity (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 ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 General, Library, Bond and Interest, Sewer Utility, Municipalities Fighting Addiction, Healthcare Sales Tax and CID Sales Tax 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.

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

- Special Law Enforcement Trust Fund
- Equipment Reserve Fund
- Capital Improvements Reserve Fund

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

NOTE 2 - Deposits and Investments

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 branch 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 bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of credit risk. State statutes place no limit on the amount the Government 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. All deposits were legally secured as of December 31, 2025.

As of December 31, 2025, the City's carrying amount of deposits was $19,258,240 and the bank balance was $19,403,583. The bank balance was held by four banks. Of the bank balance, $1,000,000 was covered by federal depository insurance and the balance of $18,403,583 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

NOTE 3 - Interfund Transfers

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

From	To	Amount	Regulatory Authority
Water Utility	General	$ 400,000	K.S.A. 12-825d
Sewer Utility	General	550,000	K.S.A. 12-825d
Sanitation Utility	General	200,000	K.S.A. 12-825d
Water Utility	Bond & Interest	1,485,650	K.S.A. 12-825d
		$2,635,650	

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.

NOTE 4 - Defined Benefit Pension Plan (Continued)

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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $423,417 for KPERS and $759,714 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 $3,134,762 and $6,124,800 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report, including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the 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.

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.

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.

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation Leave. All employees shall accrue vacation leave each pay period according to their position and months of continuous full-time employment with the City as summarized by the following table:

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

Non - Fire/EMS personnel		
Months of Continuous Full-time Employment	Vacation Hours Accrued Per year	Maximum Accrual Hours
0 - 59	80	160
60 - 119	120	240
120 - 179	160	320
180 +	200	400

Fire/EMS personnel		
Months of Continuous Full-time Employment	Vacation Hours Accrued Per year	Maximum Accrual Hours
0 - 59	112	224
60 - 119	168	336
120 - 179	224	448
180 +	280	560

Sick Leave. All full-time employees, except fire/EMS personnel, shall accrue paid sick leave at a rate of 4 hours per pay period. Fire/EMS personnel shall accrue 5.25 hours per pay period.

Employees hired prior to April 1, 2020, may accumulate sick leave to a maximum of 960 hours. Employees hired on or after April 1, 2020, may accumulate sick leave to a maximum of 720 hours.

Accumulated Leave Payout. All regular full-time employees separating from City employment that have given and satisfactorily completed an appropriate 14-day notice period will receive payment for all accumulated accrued and unused vacation, and depending upon the employee's length of service with the City, a percentage of their accrued unused sick leave as follows:

	Months of Continuous Full-time Employment				
	0 - 47	48 - 95	96 - 143	144 - 191	192 +
Sick Leave Payout %	0%	25%	50%	75%	100%

For employees hired prior to April 1, 2020, the maximum sick leave hours any employee can be paid out is 480 hours. For employees hired on or after April 1, 2020, the maximum sick leave hours any employee can be paid out is 360 hours.

Compensatory Time. All employees who are eligible, except firefighters, can elect to receive compensatory time off at a rate of not less than one and one-half hours for each overtime hour worked in lieu of cash overtime compensation. All eligible City employees may accrue up to forty hours of compensatory time.

Banked Holiday Time. All non-exempt police, wastewater treatment plant, water treatment facility, and fire/emergency medical services personnel may accumulate one hour for every hour worked on an official City holiday, up to eight hours (12 hours for fire/EMS). Police, wastewater treatment plant and water treatment facility personnel shall not accumulate in excess of 24 hours. Fire/EMS personnel shall not accumulate in excess of 72 hours.

Personal Business Day Leave. All full-time employees after two months of continuous employment will accrue 8 hours of personal business day leave, then each January 1st thereafter shall be awarded an additional 8 hours of personal business day leave. Personal business day leave must be used within the calendar year and may not be accumulated.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

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

In accordance with the above criteria, the City has accrued a liability for annual leave, sick time, compensatory time, and banked holiday time, which has been earned, but not taken, by City employees. The estimated liability as of December 31, 2025, was $515,973 for annual leave, $485,503 for sick leave and $16,925 for banked holiday time.

NOTE 6 - Long-Term Debt

The following table summarizes changes in the City's long-term liabilities during 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	$ 19,830,000	$ -	$ 1,445,000	$ 18,385,000	$ 501,455
Revenue Bonds	10,640,000	-	2,430,000	8,210,000	420,114
Revolving Loans	9,844,861	-	413,867	9,430,994	127,617
Finance Leases	1,214,616	1,494,094	590,072	2,118,640	11,795
Total	$ 41,529,477	$ 1,494,094	$ 4,878,939	$ 38,144,634	$ 1,060,981

General Obligation Bonds. The following table details the City's outstanding general obligation bonds:

General Obligation Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Paid with taxes and utility revenues					
Series 2020	1.00% - 3.00%	$ 14,095,000	$ 21,840,000	10/13/20	08/01/36
Series 2022	3.59%	3,800,000	4,470,000	05/03/22	09/01/37
Series 2023	5.35% - 6.25%	490,000	515,000	11/02/23	09/01/39
		$ 18,385,000	$ 26,825,000		

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

Year ending December 31,	Principal	Interest	Total
2026	1,475,000	455,943	1,930,943
2027	1,525,000	409,276	1,934,276
2028	1,575,000	361,075	1,936,075
2029	1,610,000	327,490	1,937,490
2029	1,645,000	291,216	1,936,216
2031 - 2035	8,815,000	878,196	9,693,196
2036 - 2039	1,740,000	79,027	1,819,027
Total	$ 18,385,000	$ 2,802,223	$ 21,187,223

Revenue Bonds. The following table details the City's outstanding revenue bonds:

NOTE 6 - Long-Term Debt (Continued)

Revenue Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Paid with taxes					
Public Building Commission	3.00% - 5.00%	$ 8,210,000	$ 17,630,000	07/23/19	09/01/44

On July 23, 2019, the Arkansas City Public Building Commission issued Refunding Revenue Bonds, Series 2019, in the amount of $17,630,000. The bonds were issued to refund the Commission's outstanding Series 2009 Revenue Bonds. The refunded bonds were originally issued to finance the costs to construct, furnish and equip an acute care hospital known as the South-Central Kansas Regional Medical Center. The Public Building Commission will continue to lease the land and the medical center constructed thereon to the City and the City will continue to sublease the project to the Board of Trustees of the Medical Center.

As part of the 2019 revenue bond issue, the City approved a 1% sales tax. The City has pledged to appropriate 95% of the revenues derived from the sales tax to the Bond's Trustee for debt service payments. The City has accounted for these transactions in the Healthcare Sales Tax and Unpledged Healthcare Sales Tax funds. Any amount appropriated to the Trustee in excess of the scheduled debt service is held by the Trustee in an escrow account invested in U.S. Government Securities and reserved for future debt service payments. The City does not have control over this escrow account, and therefore, the City's financial statements do not include the escrow balance. As of December 31, 2025, the balance of this escrow account was $2,744,745.

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

Year ending December 31,	Principal	Interest	Total
2026	$ 530,000	$ 327,350	$ 857,350
2027	560,000	300,850	860,850
2028	585,000	272,850	857,850
2029	615,000	243,600	858,600
2030	645,000	212,850	857,850
2031 - 2035	3,675,000	653,250	4,328,250
2036 - 2040	1,600,000	128,550	1,728,550
Total	$ 8,210,000	$ 2,139,300	$ 10,349,300

Finance Leases. The following table details the City's outstanding finance lease obligations:

Finance Leases	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Paid with taxes					
2019 Pumper Truck	3.55%	$ 205,950	$ 620,775	01/28/19	08/01/28
2022 Copiers	0.00%	13,429	53,714	03/23/22	03/23/27
2022 Body Worn Cameras	0.00%	30,816	150,000	08/16/22	08/16/27
Revolving Enterprise Vehicles	0.00%	576,738	210,496	Various	09/30/27
2025 Pipe Fusion Machine	4.63%	83,079	105,060	04/25/25	08/01/29
2025 Skid Steer	4.84%	59,478	67,975	02/26/25	03/26/30
2025 Backhoe	4.63%	114,630	146,420	03/14/25	04/01/29
2025 FD Ferrara Fire Truck	4.25%	1,034,520	1,034,521	09/23/25	08/01/35
		$ 2,118,640	$ 2,388,961		

On February 26, 2025, the City entered into a finance lease agreement to finance a skid steer in the amount of $67,975. The lease carries a 4.843% interest rate and is scheduled to mature on March 26, 2030.

NOTE 6 - Long-Term Debt (Continued)

On March 13, 2025, the City entered into a finance lease agreement to finance a backhoe in the amount of $146,420. The lease carries a 4.63% interest rate and is scheduled to mature on April 1, 2029.

On April 25, 2025, the City entered into a finance lease agreement in order to finance a pipe fusion machine in the amount of $105,060. The lease carries a 4.63% interest rate and is scheduled to mature on August 8, 2029.

On September 23, 2025, the City entered into a finance lease agreement in order to finance a fire truck in the amount of $1,034,521. The lease carries a 4.25% interest rate and is scheduled to mature on August 1, 2035.

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

Year ending December 31,	Principal	Interest	Total
2026	$ 561,679	$ 56,102	$ 617,781
2027	384,208	53,912	438,120
2028	283,365	45,126	328,491
2029	186,529	36,415	222,944
2030	134,157	29,415	163,572
2031 - 2035	568,702	69,648	638,350
Total	$ 2,118,640	$ 290,618	$ 1,607,336

Revolving Loan. The following table details the City's outstanding revolving loans:

Revolving Loans	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Paid with utility revenues					
Water Pollution Loan #C20-1812-01	1.31%	$ 9,430,994	$ 10,500,000	12/9/2021	3/1/2043

On December 9, 2021, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) to finance the cost of wastewater treatment plant improvements. The loan is for a maximum principal of $10,500,000, carries a gross interest rate of 1.31%, and is payable in semi-annual installments. Annual debt service requirements to maturity are not available as the loan was not finalized as of December 31, 2025. On February 6, 2026, the loan was amended to include principal forgiveness of $1,000,000.

On June 29, 2023, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) to finance the cost to construct a 200,000-gallon water tower at Strother Field Airport/Industrial Park. The loan is for a maximum of $602,695, carries a gross interest rate of $2.14%, and is payable in semi-annual installments. Annual debt service requirements to maturity are not available as the loan was not finalized as of December 31, 2025. As of December 31, 2025, no draws on principal have been made.

On March 25, 2025, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) to finance the cost of installation of greensand pressure filter equipment. The loan is for a maximum principal of $2,089,000, carries a gross interest rate of 2.48%, and qualifies for 100% principal forgiveness through a federal grant program. The City will be responsible for interest and service fees accrued during the construction period. Loan payments are scheduled to begin on August 1, 2026. As of December 31, 2025, no draws on principal have been made.

NOTE 7 - Economic Development Bonds

The City has entered into various agreements to induce businesses to locate or expand operations in Arkansas City, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's), which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. As of December 31, 2025, there were two industrial revenue bond issues with principal balances due totaling $11,747,224.

NOTE 8 - 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 premiums 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 9 - Capital Projects

The following is a summary of capital project authorizations and expenditures to date:

Project Name	Project Authorization	Expenditures Through 12/31/2025	Estimated Completion
Westar Hike/Bike Trail Phase II	$ 731,654	$ 670,155	2025
Truck Stop	620,652	618,972	2026
Offset Well 4 (Well 16)	923,855	860,223	2026
Levee Certification	56,910	48,863	2026
Mill & Overlay Madison/8th to Ark River Bridge	111,983	46,585	2026
Greensand Filter - WTF	2,201,000	4,993	2027
F Street Bridge Replacement	225,628	38,666	2026
East Pressure Zone (EPZ) Improvements	371,000	233,450	2027
Wilson Park - Phase II	10,000	10,000	2026
West Kansas Ave Waterline Improvement Proj	30,600	21,280	2026
Wilson Park Splash Pad	326,500	52,661	2026
2025 CDBG Housing Grant	11,500	7,500	2026

SCHEDULE 1

CITY OF ARKANSAS CITY, 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	$ 15,285,704	$ -	$ 15,285,704	$ 14,354,178	$ [931,526]
Special Purpose Funds:					
Special Recreation and Parks	81,090	-	81,090	20,055	[61,035]
Special Street and Highway	2,190,482	-	2,190,482	525,324	[1,665,158]
Tourism	344,708	-	344,708	152,223	[192,485]
Special Alcohol	87,608	-	87,608	20,859	[66,749]
Library	482,760	-	482,760	478,076	[4,684]
Land Bank	21,489	-	21,489	2,347	[19,142]
Healthcare Sales Tax	2,600,000	290,529	2,890,529	2,850,114	[40,415]
Unpledged Healthcare Sales Tax	250,003	-	250,003	121,517	[128,486]
CID Sales Tax	85,000	-	85,000	78,716	[6,284]
Municipalities Fighting Addiction	70,415	-	70,415	-	[70,415]
Bond and Interest Funds:					
Bond and Interest	2,556,325	-	2,556,325	1,946,455	[609,870]
Business Funds:					
Water Utility	10,918,777	-	10,918,777	5,464,947	[5,453,830]
Sewer Utility	4,163,565	-	4,163,565	3,765,378	[398,187]
Sanitation Utility	2,001,069	-	2,001,069	1,742,177	[258,892]
Stormwater Utility	611,552	-	611,552	435,631	[175,921]

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	$ 3,708,930	$ 4,160,165	$ 4,429,808	$ [269,643]
Delinquent tax	139,219	160,041	120,000	40,041
Motor vehicle tax	423,857	407,343	382,591	24,752
Recreational vehicle tax	3,993	3,267	3,922	[655]
16/20M truck tax	8,896	8,173	7,545	628
Neighborhood revitalization	[90,030]	[117,928]	[100,000]	[17,928]
Compensating use tax	448,607	541,470	420,000	121,470
Sales tax	2,003,310	2,124,331	1,875,500	248,831
Franchise tax	1,418,028	1,614,072	1,413,000	201,072
Special assessments	20,072	59,414	25,000	34,414
Intergovernmental				
Local alcoholic liquor tax	18,781	15,445	16,862	[1,417]
Federal grant	48,323	9,499	2,500	6,999
State grant	35,206	39,134	22,670	16,464
Licenses and permits				
Licenses, permits and fees	211,025	197,619	72,100	125,519
Charges and services				
Cemetery permits/deeds	23,280	24,900	16,500	8,400
Rural fire contracts	500,309	521,776	425,000	96,776
County ambulance fees	485,500	294,034	195,130	98,904
Other ambulance fees	623,818	643,228	575,000	68,228
Fines, forfeitures and penalties				
Fines	397,853	372,070	325,500	46,570
Use of money and property				
Interest	275,257	283,900	100,000	183,900
Sale of assets	170,226	97,553	90,000	7,553
Rental income	49,197	55,882	41,500	14,382
Other receipts				
Donations	17,733	22,717	5,000	17,717
Reimbursed expense	154,114	715,455	80,000	635,455
Lease proceeds	399,562	1,174,639	1,510,400	[335,761]
Miscellaneous	66,468	[7,478]	35,600	[43,078]
Operating transfers from				
Water Utility Fund	400,000	400,000	400,000	-
Sewer Utility Fund	550,000	550,000	550,000	-
Sanitation Utility Fund	200,000	200,000	200,000	-
Total Receipts	12,711,534	14,570,721	$ 13,241,128	$ 1,329,593

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Expenditures				
General administrative services				
Personal services	$ 982,644	$ 1,054,511	$ 1,049,251	$ 5,260
Contractual services	494,837	450,212	465,435	[15,223]
Commodities	43,799	46,825	45,800	1,025
Capital outlay	486,124	896,423	63,100	833,323
Total general administrative services	2,007,404	2,447,971	1,623,586	824,385
Municipal court/legal				
Personal services	67,234	70,094	78,904	[8,810]
Contractual services	191,613	169,989	170,125	[136]
Commodities	520	1,504	1,700	[196]
Capital outlay	5,992	8,156	7,000	1,156
Total municipal court/legal	265,359	249,743	257,729	[7,986]
Neighborhood services				
Personal services	270,223	303,361	297,901	5,460
Contractual services	65,881	40,466	40,500	[34]
Commodities	26,639	26,569	60,800	[34,231]
Capital outlay	17,665	18,836	15,171	3,665
Fleet management lease	22,036	20,649	22,000	[1,351]
Total neighborhood services	402,444	409,881	436,372	[26,491]
Fire/EMT services				
Personal services	2,669,115	2,816,074	3,019,127	[203,053]
Contractual services	84,163	114,209	81,100	33,109
Commodities	100,215	214,749	139,150	75,599
Capital outlay	79,042	1,176,910	1,282,900	[105,990]
Debt service	91,888	83,324	168,963	[85,639]
Fleet management lease	-	8,283	-	8,283
Total fire/EMT services	3,024,423	4,413,549	4,691,240	[277,691]
Law enforcement				
Personal services	2,762,909	3,017,812	3,614,567	[596,755]
Contractual services	151,909	241,174	166,000	75,174
Commodities	123,068	128,158	120,800	7,358
Capital outlay	143,491	313,562	187,600	125,962
Fleet management lease	166,797	149,400	167,000	[17,600]
Total law enforcement	3,348,174	3,850,106	4,255,967	[405,861]

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

		Current Year		
Expenditures - Continued	Prior Year Actual	Actual	Budget	Variance-Over [Under]
Parks and facilities				
Personal services	$ 705,580	$ 740,319	$ 773,313	$ [32,994]
Contractual services	179,530	182,252	210,900	[28,648]
Commodities	154,522	174,352	219,000	[44,648]
Capital outlay	38,985	24,919	159,500	[134,581]
Fleet management lease	48,905	41,943	74,195	[32,252]
Total parks and facilities	1,127,522	1,163,785	1,436,908	[273,123]
Public works/streets				
Personal services	489,525	525,768	610,835	[85,067]
Contractual services	261,589	280,684	294,800	[14,116]
Commodities	55,600	83,560	65,570	17,990
Capital outlay	10,874	26,413	7,000	19,413
Fleet management lease	20,756	19,052	35,600	[16,548]
Total public works/streets	838,344	935,477	1,013,805	[78,328]
Northwest Community Center				
Personal services	58,911	77,528	62,972	14,556
Contractual services	13,769	15,326	20,000	[4,674]
Commodities	4,881	5,607	8,200	[2,593]
Capital outlay	200	-	1,000	[1,000]
Total Northwest Community Center	77,761	98,461	92,172	6,289
Senior center				
Personal services	221,689	235,947	289,113	[53,166]
Contractual services	37,172	38,952	47,420	[8,468]
Commodities	49,139	17,627	45,600	[27,973]
Capital outlay	13,511	12,373	7,890	4,483
Total senior center	321,511	304,899	390,023	[85,124]
EMS				
Personal services	5,394	8,668	13,800	[5,132]
Contractual services	71,375	85,265	82,200	3,065
Commodities	188,404	378,090	495,850	[117,760]
Fleet management lease	7,830	8,283	46,052	[37,769]
Total EMS	273,003	480,306	637,902	[157,596]
Emergency reserve	-	-	450,000	[450,000]
Total Expenditures	11,685,945	14,354,178	$ 15,285,704	$ [931,526]
Receipts Over [Under] Expenditures	1,025,589	216,543		
Unencumbered Cash, Beginning	2,200,090	3,225,679		
Unencumbered Cash, Ending	$ 3,225,679	$ 3,442,222		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Local alcoholic liquor tax	$ 18,780	$ 15,445	$ 16,862	$ [1,417]
Total Receipts	18,780	15,445	$ 16,862	$ [1,417]
Expenditures				
Culture and recreation				
Commodities	10,528	3,500	$ 3,500	$ -
Contratual services	-	16,555	-	16,555
Capital outlay	7,134	-	77,590	[77,590]
Total Expenditures	17,662	20,055	$ 81,090	$ [61,035]
Receipts Over [Under] Expenditures	1,118	[4,610]		
Unencumbered Cash, Beginning	49,083	50,201		
Unencumbered Cash, Ending	$ 50,201	$ 45,591		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Highway gas tax	$ 321,846	$ 318,263	$ 315,740	$ 2,523
County gas tax	55,504	54,889	48,080	6,809
Intergovernmental				
KDOT federal exchange funds	449,099	152,142	1,325,068	[1,172,926]
Other receipts				
Reimbursed expense	259	-	-	-
Lease proceeds	-	67,975	70,000	[2,025]
Total Receipts	826,708	593,269	$ 1,758,888	$ [1,165,619]
Expenditures				
General government				
Contractual services	96,040	125,285	$ 1,780,406	$ [1,655,121]
Commodities	190,805	273,571	274,000	[429]
Capital outlay	25,855	67,975	70,000	[2,025]
Fleet management lease	52,049	58,493	66,076	[7,583]
Total Expenditures	364,749	525,324	$ 2,190,482	$ [1,665,158]
Receipts Over [Under] Expenditures	461,959	67,945		
Unencumbered Cash, Beginning	560,535	1,022,494		
Unencumbered Cash, Ending	$ 1,022,494	$ 1,090,439		

SCHEDULE 2 - 4

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
State guest tax	$ 153,842	$ 168,489	$ 160,000	$ 8,489
Other receipts				
Donations	11,893	11,846	10,000	1,846
Total Receipts	165,735	180,335	$ 170,000	$ 10,335
Expenditures				
Culture and recreation				
Contractual services	132,559	152,223	$ 344,708	$ [192,485]
Total Expenditures	132,559	152,223	$ 344,708	$ [192,485]
Receipts Over [Under] Expenditures	33,176	28,112		
Unencumbered Cash, Beginning	110,708	143,884		
Unencumbered Cash, Ending	$ 143,884	$ 171,996		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Local alcoholic liquor tax	$ 18,781	$ 15,445	$ 16,862	$ [1,417]
Other receipts				
Donations	1,125	2,760	-	2,760
Total Receipts	19,906	18,205	$ 16,862	$ 1,343
Expenditures				
Culture and recreation				
Contractual services	4,300	3,100	$ 8,000	$ [4,900]
Commodities	17,498	17,759	79,608	[61,849]
Total Expenditures	21,798	20,859	$ 87,608	$ [66,749]
Receipts Over [Under] Expenditures	[1,892]	[2,654]		
Unencumbered Cash, Beginning	81,601	79,709		
Unencumbered Cash, Ending	$ 79,709	$ 77,055		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Ad valorem property tax	$ 397,341	$ 428,081	$ 456,034	$ [27,953]
Delinquent tax	14,794	17,089	12,000	5,089
Motor vehicle tax	45,050	43,640	40,926	2,714
Recreational vehicle tax	424	350	419	[69]
16/20M truck tax	950	1,059	807	252
Neighborhood revitalization	[9,644]	[12,143]	[16,000]	3,857
Total Receipts	448,915	478,076	$ 494,186	$ [16,110]
Expenditures				
Culture and recreation				
Appropriation to library board	448,915	478,076	$ 482,760	$ [4,684]
Total Expenditures	448,915	478,076	$ 482,760	$ [4,684]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Use of money and property				
Sale of assets	$ 1,501	$ 7,861	$ 5,000	$ 2,861
Total Receipts	1,501	7,861	$ 5,000	$ 2,861
Expenditures				
General government				
Contractual services	120	1,649	$ 21,489	$ [19,840]
Commodities	-	698	-	698
Total Expenditures	120	2,347	$ 21,489	$ [19,142]
Receipts Over [Under] Expenditures	1,381	5,514		
Unencumbered Cash, Beginning	16,609	17,990		
Unencumbered Cash, Ending	$ 17,990	$ 23,504		

SCHEDULE 2 - 8

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Sales tax	$ 1,903,145	$ 2,018,114	$ 2,100,000	$ [81,886]
Use tax	448,607	541,471	500,000	41,471
Appropriations from trustee	3,548,811	290,529	-	290,529
Total Receipts	5,900,563	2,850,114	$ 2,600,000	$ 250,114
Expenditures				
Debt Service				
Principal	5,315,000	2,430,000	$ -	$ 2,430,000
Interest	585,563	420,114	-	420,114
Appropriations to trustee	-	-	2,600,000	[2,600,000]
Adjustment for qualifying budget credits	-	-	290,529	[290,529]
Total Expenditures	5,900,563	2,850,114	$ 2,890,529	$ [40,415]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Sales tax	$ 100,166	$ 106,217	$ 120,000	$ [13,783]
Use of money and property				
Interest	3,743	4,684	600	4,084
Total Receipts	103,909	110,901	$ 120,600	$ [9,699]
Expenditures				
Healthcare appropriations	-	117,016	$ 244,003	$ [126,987]
Miscellaneous	4,100	4,501	6,000	[1,499]
Total Expenditures	4,100	121,517	$ 250,003	$ [128,486]
Receipts Over [Under] Expenditures	99,809	[10,616]		
Unencumbered Cash, Beginning	30,403	130,212		
Unencumbered Cash, Ending	$ 130,212	$ 119,596		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Sales tax	$ 79,084	$ 78,716	$ 85,000	$ [6,284]
Total Receipts	79,084	78,716	$ 85,000	$ [6,284]
Expenditures				
Appropriations	79,084	78,716	$ 85,000	$ [6,284]
Total Expenditures	79,084	78,716	$ 85,000	$ [6,284]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF ARKANSAS CITY, KANSAS
Special Law Enforcement Trust Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Years Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Other receipts		
Donations	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital improvements		
Contractual services	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	2,848	2,848
Unencumbered Cash, Ending	$ 2,848	$ 2,848

* - This fund is not required to be budgeted.

CITY OF ARKANSAS CITY, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Years Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Operating transfers from		
General Fund	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital improvements		
Capital outlay	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	184,746	184,746
Unencumbered Cash, Ending	$ 184,746	$ 184,746

* - This fund is not required to be budgeted.

CITY OF ARKANSAS CITY, KANSAS
Capital Improvements Reserve Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Years Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Use of money and property		
Interest	$ 70,704	$ 48,929
Other receipts		
Donations	37,383	-
Total Receipts	108,087	48,929
Expenditures		
General government		
Contractual services	11,377	-
Capital outlay	394,478	383,250
Total Expenditures	405,855	383,250
Receipts Over [Under] Expenditures	[297,768]	[334,321]
Unencumbered Cash, Beginning	1,547,319	1,249,551
Unencumbered Cash, Ending	$ 1,249,551	$ 915,230

* - This fund is not required to be budgeted.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Intergovernmental				
State grant	$ 40,079	$ 16,997	$ 30,000	$ [13,003]
Total Receipts	40,079	16,997	$ 30,000	$ [13,003]
Expenditures				
Appropriations	-	-	$ 70,415	$ [70,415]
Total Expenditures	-	-	$ 70,415	$ [70,415]
Receipts Over [Under] Expenditures	40,079	16,997		
Unencumbered Cash, Beginning	32,235	72,314		
Unencumbered Cash, Ending	$ 72,314	$ 89,311		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and shared receipts				
Ad valorem property tax	$ 527,121	$ 426,317	$ 454,070	$ [27,753]
Delinquent tax	18,719	22,437	20,000	2,437
Motor vehicle tax	57,011	57,896	54,296	3,600
Recreational vehicle tax	537	464	556	[92]
16/20M truck tax	1,250	1,391	1,071	320
Neighborhood revitalization	[12,789]	[12,116]	[20,000]	7,884
Operating transfers from				
Water Utility	1,489,775	1,485,650	1,485,650	-
Other receipts				
Payment from Airport	394,011	395,395	395,395	-
Total Receipts	2,475,635	2,377,434	$ 2,391,038	$ [13,604]
Expenditures				
Debt service				
Principal	1,935,000	1,445,000	$ 1,445,000	$ -
Interest	551,969	501,455	501,455	-
Cost of issuance	9,179	-	-	-
Cash basis reserve	-	-	609,870	[609,870]
Total Expenditures	2,496,148	1,946,455	$ 2,556,325	$ [609,870]
Receipts Over [Under] Expenditures	[20,513]	430,979		
Unencumbered Cash, Beginning	160,928	140,415		
Unencumbered Cash, Ending	$ 140,415	$ 571,394		

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Charges for services				
Water receipts	$ 4,941,801	$ 5,547,878	$ 5,600,000	$ [52,122]
Connection fees	73,937	69,945	66,000	3,945
Use of money and property				
Interest	135,980	107,900	60,000	47,900
Other receipts				
Bad debt collection	92	98	-	98
Penalties	32,197	35,585	30,000	5,585
Reimbursed expense	-	100	-	100
Sale of assets	34,321	-	4,000	[4,000]
Miscellaneous	36,542	103,124	25,000	78,124
Lease proceeds	-	105,060	188,080	[83,020]
SRF loan proceeds	-	-	5,000,000	[5,000,000]
Total Receipts	5,254,870	5,969,690	$ 10,973,080	$ [3,390]
Expenditures				
Treatment				
Personal services	258,685	231,703	$ 327,527	$ [95,824]
Contractual services	1,293,490	955,851	783,200	172,651
Commodities	691,149	524,178	770,700	[246,522]
Capital outlay	366,124	157,242	5,290,590	[5,133,348]
Fleet management lease	111,712	122,439	163,369	[40,930]
Total treatment	2,721,160	1,991,413	7,335,386	[5,343,973]
Distribution				
Personal services	703,151	833,353	797,361	35,992
Contractual services	495,900	[26,101]	124,100	[150,201]
Commodities	281,500	371,294	319,200	52,094
Capital outlay	161,666	68,171	263,080	[194,909]
Total distribution	1,642,217	1,246,717	1,503,741	[257,024]
Administration				
Personal services	13,409	14,579	12,600	1,979
Contractual services	137,726	96,594	90,100	6,494
Commodities	31,887	36,663	37,300	[637]
Capital outlay	56,776	193,331	54,000	139,331
Total administration	239,798	341,167	194,000	147,167
Operating transfers to				
General Fund	1,889,775	400,000	400,000	-
Bond and Interest Fund	-	1,485,650	1,485,650	-
Total Expenditures	6,492,950	5,464,947	$ 10,918,777	$ [5,453,830]
Receipts Over [Under] Expenditures	[1,238,080]	504,743		
Unencumbered Cash, Beginning	3,440,910	2,202,830		
Unencumbered Cash, Ending	$ 2,202,830	$ 2,707,573		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Charges for services				
Wastewater receipts	$ 2,826,002	$ 2,933,418	$ 2,700,000	$ 233,418
Use of money and property				
Interest	225,620	227,528	75,000	152,528
Sale of assets	6,250	43	-	43
Other receipts				
Penalties	27,081	28,673	20,000	8,673
Reimbursed expense	-	-	-	-
Miscellaneous	3,847	3,619	5,000	[1,381]
Loan proceeds	1,010,312	-	-	-
Total Receipts	4,099,112	3,193,281	$ 2,800,000	$ 393,281
Expenditures				
Treatment				
Personal services	538,367	531,846	$ 635,490	$ [103,644]
Contractual services	180,076	230,035	250,100	[20,065]
Commodities	130,191	184,388	161,200	23,188
Capital outlay	37,655	14,038	4,500	9,538
Total treatment	886,289	960,307	1,051,290	[90,983]
Collections				
Personal services	121,345	256,712	141,964	114,748
Contractual services	29,130	89,118	42,550	46,568
Commodities	126,399	115,002	96,150	18,852
Capital outlay	120,503	1,144,344	1,635,000	[490,656]
Total collections	397,377	1,605,176	1,915,664	[310,488]
Administration				
Personal services	7,685	8,767	9,300	[533]
Contractual services	24,891	27,937	38,025	[10,088]
Commodities	18,959	22,167	23,000	[833]
Capital outlay	38,087	49,540	34,800	14,740
Total administration	89,622	108,411	105,125	3,286
Debt service				
Principal	419,304	413,867	426,676	[12,809]
Interest	122,180	127,617	114,810	12,807
Total debt service	541,484	541,484	541,486	[2]
Operating transfers to				
General Fund	550,000	550,000	550,000	-
Stormwater Utility Fund	50,000	-	-	-
Total Expenditures	2,514,772	3,765,378	$ 4,163,565	$ [398,187]
Receipts Over [Under] Expenditures	1,584,340	[572,097]		
Unencumbered Cash, Beginning	3,961,446	5,545,786		
Unencumbered Cash, Ending	$ 5,545,786	$ 4,973,689		

See independent auditor's report on the financial statements.

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Charges for services				
Sanitation fees	$ 1,901,265	$ 1,945,058	$ 1,800,000	$ 145,058
Service fees	13,092	15,780	10,000	5,780
Use of money and property				
Interest	78,276	80,869	40,000	40,869
Sale of assets	11,486	-	-	-
Other receipts				
Penalties	17,286	18,020	13,000	5,020
Miscellaneous	86	169	-	169
Total Receipts	2,021,491	2,059,896	$ 1,863,000	$ 196,896
Expenditures				
General utility services				
Personal services	794,263	844,677	$ 949,269	$ [104,592]
Contractual services	385,151	391,977	470,600	[78,623]
Commodities	136,363	153,256	180,050	[26,794]
Capital outlay	12,685	62,250	113,500	[51,250]
Debt service	10,994	10,678	12,000	[1,322]
Total general utility services	1,339,456	1,462,838	1,725,419	[262,581]
Administration				
Personal services	6,361	5,986	9,950	[3,964]
Contractual services	17,754	25,609	24,000	1,609
Commodities	12,723	14,919	17,000	[2,081]
Capital outlay	27,399	32,825	24,700	8,125
Total administration	64,237	79,339	75,650	3,689
Operating transfers to				
General Fund	200,000	200,000	200,000	-
Total Expenditures	1,603,693	1,742,177	$ 2,001,069	$ [258,892]
Receipts Over [Under] Expenditures	417,798	317,719		
Unencumbered Cash, Beginning	1,313,236	1,731,034		
Unencumbered Cash, Ending	$ 1,731,034	$ 2,048,753		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Charges for services				
Stormwater receipts	$ 348,804	$ 373,787	$ 350,000	$ 23,787
Use of money and property				
Interest	25,747	28,950	12,000	16,950
Other receipts				
Penalties	2,904	3,155	1,900	1,255
Miscellaneous	3	19	-	19
Lease proceeds	-	146,420	176,635	[30,215]
Reimbursements	-	15,622	-	15,622
Operating transfers from				
Sewer Utility Fund	50,000	-	-	-
Total Receipts	427,458	567,953	$ 540,535	$ 27,418
Expenditures				
General utility services				
Personal services	186,177	216,214	$ 300,117	$ [83,903]
Contractual services	6,599	5,398	2,000	3,398
Commodities	8,558	7,320	15,200	[7,880]
Capital outlay	14,634	174,575	253,635	[79,060]
Debt service	-	32,124	40,600	[8,476]
Total Expenditures	215,968	435,631	$ 611,552	$ [175,921]
Receipts Over [Under] Expenditures	211,490	132,322		
Unencumbered Cash, Beginning	458,654	670,144		
Unencumbered Cash, Ending	$ 670,144	$ 802,466		

SCHEDULE 3

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

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Municipal Court	$ 11,207	$ 66,138	$ 67,614	$ 9,731
	$ 11,207	$ 66,138	$ 67,614	$ 9,731