CITY OF CHERRYVALE, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF CHERRYVALE, KANSAS
December 31, 2025

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cherryvale, 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 Cherryvale, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statement.

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

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

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, 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 of Cherryvale, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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, the schedule of receipts and expenditures-actual and budget-regulatory basis for each individual fund, and the schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Cherryvale, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated June 24, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

June 16, 2026
Chanute, Kansas

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balances December 31, 2025
General	$ 1,374,951.46	$ 2,165,123.90	$ 2,244,290.06	$ 1,295,785.30	$ 91,755.32	$ 1,387,540.62
Special Purpose Funds:						
Library	-	67,710.30	67,710.30	-	-	-
Tourism	34,894.29	-	6,853.14	28,041.15	-	28,041.15
Special Parks and Recreation	210.16	211.64	-	421.80	-	421.80
Special Highway	107,626.26	178,228.81	128,195.84	157,659.23	1,776.52	159,435.75
Small Grants	884.47	-	-	884.47	-	884.47
Capital Improvements Reserve	336,612.60	35,000.00	183,917.51	187,695.09	795.00	188,490.09
Emergency Vehicle Reserve	-	20,000.00	-	20,000.00	-	20,000.00
Municipal Equipment Reserve	124,492.94	40,000.00	-	164,492.94	-	164,492.94
RBEG Loan	62,978.98	7,246.96	-	70,225.94	-	70,225.94
Smelter Settlement	316,251.15	13,322.71	-	329,573.86	-	329,573.86
VIN Inspection	6,274.00	1,220.00	-	7,494.00	-	7,494.00
Bond and Interest Funds:						
Bond and Interest	4,004.96	219,350.00	219,350.00	4,004.96	-	4,004.96
Business Funds:						
Water Utility	248,193.66	776,045.59	689,233.65	335,005.60	4,349.88	339,355.48
Sewer Utility	437,842.67	381,813.06	344,423.16	475,232.57	4,789.94	480,022.51
Refuse Utility	37,012.73	212,413.10	247,796.33	1,629.50	15,390.22	17,019.72
Storm Water Utility	69,797.16	18,245.13	-	88,042.29	-	88,042.29
Trust Funds:						
Cemetery	1,713.79	-	-	1,713.79	-	1,713.79
Total Reporting Entity (Excluding Agency Funds)	$ 3,163,741.28	$ 4,135,931.20	$ 4,131,769.99	$ 3,167,902.49	$ 118,856.88	$ 3,286,759.37

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

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

	Cash Balance December 31, 2025
Total Cash to be Accounted for:	$ 3,286,759.37
Composition of Cash:	
Cash on Hand	$ 300.00
Checking Accounts:	
Petty Cash Checking	498.50
CNB Operating Account	1,826,882.25
CNB Money Market	788,583.52
Rural Business Enterprise Grant Account	70,225.94
Drug Seizure Account	434.86
Firefighters Auxiliary Fund Account	9,888.95
FSA Fund Account	3,369.23
Smelter Fund Account	336,005.86
Investments:	
Certificates of Deposit	275,000.00
Total Cash	3,311,189.11
Agency Funds Per Schedule 3	(24,429.74)
Total Reporting Entity (Excluding Agency Funds)	$ 3,286,759.37

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Cherryvale, 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 accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Cherryvale, Kansas, is a municipal corporation governed by an elected mayor and four council members. This financial statement presents the City of Cherryvale as the primary government and does not include any related municipal entities.

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:

Cherryvale Public Library – The City of Cherryvale, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Cherryvale Housing Authority

The Cherryvale Housing Authority operates the City's housing projects. The Cherryvale Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. Separate internal audited financial statements are available at the Housing Authority.

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 Cherryvale, Kansas, for the year 2025:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

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

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

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

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

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

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 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.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipts 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 20th during the year levied with the balance to be paid on or before May 10th 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 regulatory receipts recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan
Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, of which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

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

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

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

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

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

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

- Small Grants Fund
- Capital Improvements Reserve Fund
- Emergency Vehicle Reserve Fund
- Municipal Equipment Reserve Fund
- RBEG Loan Fund

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes
Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in apparent compliance with Kansas cash basis and budget laws.

3. 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 to 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.

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 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. All deposits were legally secured at December 31, 2025.

Deposits: At year-end, the City's carrying amount of deposits was $3,310,889.11 and the bank balance was $3,373,261.82. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $821,712.80 was covered by federal depository insurance, and $2,551,549.02 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

4. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Paid by Tax Levies and Utility Receipts:									
GO Refunding and Improvement Bonds, Series 2016	2.0% - 3.0%	May 24, 2016	$ 3,175,000.00	October 1, 2035	$ 1,880,000.00	$ -	$ (170,000.00)	$ 1,710,000.00	$ 49,350.00
Finance Leases:									
Equipment Finance Lease	4.75%	January 9, 2025	125,000.00	January 9, 2032	-	125,000.00	(18,859.59)	106,140.41	5,140.41
Total Contractual Indebtedness					$ 1,880,000.00	$ 125,000.00	$ (188,859.59)	$ 1,816,140.41	$ 54,490.41

4. LONG-TERM DEBT (Continued)

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

Issue	2026	2027	2028	2029	2030	2031-2035	Total
Principal							
General Obligation Bonds:							
Refunding and Improvement Bonds Series 2016	$ 175,000.00	$ 180,000.00	$ 180,000.00	$ 180,000.00	$ 190,000.00	$ 805,000.00	$ 1,710,000.00
Finance Leases:							
Equipment Finance Lease	18,958.33	19,858.85	20,802.15	21,790.25	22,825.29	1,905.54	106,140.41
Total Principal Payments	193,958.33	199,858.85	200,802.15	201,790.25	212,825.29	806,905.54	1,816,140.41
Interest							
General Obligation Bonds:							
Refunding and Improvement Bonds Series 2016	45,950.00	42,450.00	38,850.00	34,350.00	29,850.00	73,650.00	265,100.00
Finance Leases:							
Equipment Finance Lease	5,041.67	4,141.15	3,197.85	2,209.75	1,174.71	90.51	15,855.64
Total Interest Payments	50,991.67	46,591.15	42,047.85	36,559.75	31,024.71	73,740.51	280,955.64
Total Principal and Interest	$ 244,950.00	$ 246,450.00	$ 242,850.00	$ 238,350.00	$ 243,850.00	$ 880,646.05	$2,097,096.05

5. FINANCE LEASE OBLIGATIONS

The City has entered into a finance lease agreement in order to purchase numerous pieces of equipment. Payments are made annually, including interest at 4.75%. Final maturity of the lease is January 9, 2032. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 24,000.00
2027	24,000.00
2028	24,000.00
2029	24,000.00
2030	24,000.00
2031	1,996.05
	121,996.05
Less: Imputed interest	(15,855.64)
Net Present Value of Minimum Lease Payments	106,140.41
Less: Current Maturities	(18,958.33)
Long-Term Finance Lease Obligations	$ 87,182.08

6. RIGHT TO USE CONTRACTS

As of December 31, 2025, the City has entered into a right to use contract for office equipment. Rent expense for the year ended December 31, 2025, was $672.96. There are no future obligations.

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City of Cherryvale 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 Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

7. DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan
State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $118,482.63 for the year ended December 31, 2025.

Net Pension Liability
At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $872,609.00. 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 nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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:
All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Years Continuous Employment:	0-4	5-10	10-15	15+
Hours Earned per Pay Period	3.08	4.62	5.54	6.15
Hours Annual Accrual	80	120	144	160
Hours Earned per Pay Period	3.23	4.85	5.88	6.46
Hours Annual Accrual	84	126	153	168
Maximum Hours Accrued	126	189	229	252

In the event of termination employees will be compensated for unused vacation leave.

All full time employees are eligible for paid sick leave and accruing begins on the first day of the month following their first full month of employment and is accrued at a rate of eight hours per month. Employees who resign and give two weeks' notice before they leave employment with the City after three years of service, at the discretion of the City Administrator, will be eligible to receive 10% of their sick time up to 92 hours. The City estimates a liability for compensated absences when the following conditions are met:

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

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.

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees of $42,386.59. The City has not accrued a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated at this time.

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

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 an 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.

10. NOTES RECEIVABLE AND LOANS RECEIVABLE

The City has established an RBEG Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Cherryvale industries which received Rural Business Enterprise Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2025, through the RBEG Revolving Loan Fund are as follows:

Johnny Wishbones, LLC	$ 68,661.97
Cherryvale's Laundry	29,438.60
Total Notes Receivable	$ 98,100.57

These notes receivable and loans are not reflected in this regulatory basis financial statement of the City of Cherryvale, Kansas.

11. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General	Special Highway	K.S.A. 12-1,119	$ 35,000.00
General	Capital Improvements Reserve	K.S.A. 12-1,118	25,000.00
General	Municipal Equipment Reserve	K.S.A. 12-1,117	25,000.00
General	Emergency Vehicle Reserve	K.S.A. 12-1,117	20,000.00
Water Utility	Bond and Interest	K.S.A. 12-825d	109,675.00
Sewer Utility	Capital Improvements Reserve	K.S.A. 12-1,118	10,000.00
Sewer Utility	Municipal Equipment Reserve	K.S.A. 12-1,118	10,000.00
Sewer Utility	Special Highway	K.S.A. 12-1,119	20,000.00
Sewer Utility	Bond and Interest	K.S.A. 12-825d	109,675.00
Sewer Utility	Water Utility	K.S.A. 12-825d	30,000.00
Refuse Utility	Municipal Equipment Reserve	K.S.A. 12-1,118	5,000.00
Refuse Utility	Special Highway	K.S.A. 12-1,119	20,000.00
Refuse Utility	Water Utility	K.S.A. 12-825d	20,000.00

12. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

CITY OF CHERRYVALE, KANSAS
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General	$ 2,704,478.00	$ 66,522.26	$ 2,771,000.26	$ 2,244,290.06	$ (526,710.20)
Special Purpose Funds:					
Library	67,882.00	-	67,882.00	67,710.30	(171.70)
Tourism	39,168.00	-	39,168.00	6,853.14	(32,314.86)
Special Parks and Recreation	210.00	-	210.00	-	(210.00)
Special Highway	127,616.00	31,916.30	159,532.30	128,195.84	(31,336.46)
Smelter Settlement	363,755.00	-	363,755.00	-	(363,755.00)
VIN Inspection	-	-	-	-	-
Bond and Interest Funds:					
Bond and Interest	219,350.00	-	219,350.00	219,350.00	-
Business Funds:					
Water Utility	693,020.00	-	693,020.00	689,233.65	(3,786.35)
Sewer Utility	355,140.00	-	355,140.00	344,423.16	(10,716.84)
Refuse Utility	269,476.00	-	269,476.00	247,796.33	(21,679.67)
Storm Water Utility	87,452.00	-	87,452.00	-	(87,452.00)

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 372,978.65	$ 359,567.09	$ 416,738.00	$ (57,170.91)
Delinquent Tax	42,021.88	61,342.97	23,589.00	37,753.97
Motor Vehicle Tax	62,964.16	58,120.83	53,669.00	4,451.83
Recreational Vehicle Tax	754.68	691.22	681.00	10.22
16/20M Truck Tax	569.33	405.16	486.00	(80.84)
Commercial Vehicle Tax	835.46	683.12	1,846.00	(1,162.88)
Watercraft Tax	344.35	371.27	584.00	(212.73)
Neighborhood Revitalization Rebate	-	-	(442.00)	442.00
Sales Tax	555,670.58	569,648.82	493,763.00	75,885.82
Compensating Use Tax	361,022.76	314,146.33	294,659.00	19,487.33
Franchise Taxes	176,230.72	181,666.27	204,776.00	(23,109.73)
In Lieu of Taxes	1,655.36	1,847.85	3,737.00	(1,889.15)
Nuisance Tax	6,497.42	4,581.00	1,500.00	3,081.00
Local Alcoholic Liquor Tax	2,151.05	1,681.50	-	1,681.50
Intergovernmental				
Federal Grants	172,283.74	16,000.00	-	16,000.00
State Grants	3,114.38	2,336.70	-	2,336.70
Click-It or Ticket Grant	852.74	1,087.34	-	1,087.34
Licenses and Permits				
Licenses, Permits & Fees	9,201.43	4,521.25	4,145.00	376.25
Charges for Services				
Grave Openings/Sale of Lots	7,430.00	6,625.00	10,865.00	(4,240.00)
County Ambulance	62,699.05	62,353.60	60,896.00	1,457.60
Ambulance Fees	169,629.59	153,900.74	80,140.00	73,760.74
Swimming Pool Fees	5,650.00	2,865.00	1,774.00	1,091.00
VIN Inspections	-	-	1,500.00	(1,500.00)
Fines, Forfeitures and Penalties				
Fines	24,164.11	22,447.61	16,202.00	6,245.61
Use of Money and Property				
Interest	34,448.74	125,723.11	8,119.00	117,604.11
Rent	9,832.00	6,761.02	22,504.00	(15,742.98)
Finance Lease Proceeds	-	36,540.00	-	36,540.00
Sale of Property	10,481.75	87,915.00	20,436.00	67,479.00
Other Receipts				
Donations	200.00	11,820.00	50.00	11,770.00
Miscellaneous	5,422.33	2,951.84	1,000.00	1,951.84
Reimbursed Expense	69,435.57	66,522.26	32,636.00	33,886.26
Total Receipts	2,168,541.83	2,165,123.90	$ 1,755,853.00	$ 409,270.90

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Governing Body				
Personal Services	$ 13,773.96	$ 13,621.12	$ 16,300.00	$ (2,678.88)
Contractual Services	37,179.24	47,755.03	40,100.00	7,655.03
Commodities	5,666.59	3,477.79	6,070.00	(2,592.21)
Capital Outlay	1,325.09	-	-	-
City Administrator's Office				
Personal Services	62,207.61	93,941.25	107,850.00	(13,908.75)
Contractual Services	12,847.15	11,567.59	5,550.00	6,017.59
Commodities	2,575.67	2,434.71	4,700.00	(2,265.29)
Capital Outlay	3,527.41	3,875.00	-	3,875.00
City Clerk's Office				
Personal Services	124,256.59	160,137.79	173,300.00	(13,162.21)
Contractual Services	32,437.38	27,846.50	31,800.00	(3,953.50)
Commodities	3,509.58	9,090.74	10,000.00	(909.26)
Capital Outlay	2,639.03	-	15,000.00	(15,000.00)
Police Department				
Personal Services	513,002.77	517,173.07	544,141.00	(26,967.93)
Contractual Services	77,392.58	75,523.44	70,604.00	4,919.44
Commodities	52,828.17	45,649.58	56,350.00	(10,700.42)
Capital Outlay	16,471.62	11,088.14	18,500.00	(7,411.86)
Fire Department				
Personal Services	540,073.55	576,204.34	584,000.00	(7,795.66)
Contractual Services	68,514.93	61,954.22	48,850.00	13,104.22
Commodities	58,592.10	73,141.44	93,850.00	(20,708.56)
Capital Outlay	22,327.23	22,427.36	30,000.00	(7,572.64)
Parks and Cemetery				
Personal Services	36,502.45	17,310.36	40,110.00	(22,799.64)
Contractual Services	52,125.25	38,554.39	6,300.00	32,254.39
Commodities	1,925.64	14,074.61	77,350.00	(63,275.39)
Capital Outlay	37,618.52	47,241.00	6,000.00	41,241.00
Debt Service				
Finance Lease	-	6,000.00	-	6,000.00
Swimming Pool				
Personal Services	17,586.38	21,408.76	24,675.00	(3,266.24)
Contractual Services	2,794.40	2,383.26	3,500.00	(1,116.74)
Commodities	9,602.65	7,064.29	14,250.00	(7,185.71)
Capital Outlay	-	3,999.00	5,000.00	(1,001.00)
Community Building				
Contractual Services	22,641.03	20,475.83	19,900.00	575.83
Commodities	20,413.14	27,545.55	16,400.00	11,145.55

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Street and Street Lighting Department				
Contractual Services	$ 40,428.03	$ 42,218.60	$ 47,000.00	$ (4,781.40)
Municipal Court				
Personal Services	28,285.25	-	1,150.00	(1,150.00)
Contractual Services	531.98	32,629.42	34,800.00	(2,170.58)
Commodities	-	418.69	500.00	(81.31)
Employee Benefits				
Personal Services	18,297.00	23,861.00	25,000.00	(1,139.00)
Code Enforcement				
Commodities	25,641.41	38,301.46	45,600.00	(7,298.54)
Capital Outlay	352,092.68	19,680.00	336,478.00	(316,798.00)
Smelter Site				
Personal Services	8,850.90	14.32	20,000.00	(19,985.68)
Commodities	2,131.72	9,567.47	6,000.00	3,567.47
Animal Pound				
Commodities	4,162.54	3,206.41	5,000.00	(1,793.59)
Capital Outlay	-	6,426.53	7,500.00	(1,073.47)
Operating Transfers to:				
Special Highway Fund	35,000.00	35,000.00	35,000.00	-
Municipal Equipment Reserve Fund	-	25,000.00	25,000.00	-
Capital Improvements Reserve Fund	15,000.00	25,000.00	25,000.00	-
Emergency Vehicle Reserve Fund	-	20,000.00	20,000.00	-
VIN Inspection Fund	4,834.00	-	-	-
Total Certified Budget			2,704,478.00	(460,187.94)
Adjustments for Qualifying Budget Credits			66,522.26	(66,522.26)
Total Expenditures	2,387,613.22	2,244,290.06	$ 2,771,000.26	$ (526,710.20)
Receipts Over(Under) Expenditures	(219,071.39)	(79,166.16)		
Unencumbered Cash, Beginning	1,594,022.85	1,374,951.46		
Unencumbered Cash, Ending	$ 1,374,951.46	$ 1,295,785.30		

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 50,255.03	$ 51,999.92	$ 60,188.00	$ (8,188.08)
Delinquent Tax	4,939.33	7,524.33	3,407.00	4,117.33
Motor Vehicle Tax	7,424.28	7,636.70	7,230.00	406.70
Recreational Vehicle Tax	89.11	91.31	92.00	(0.69)
16/20M Truck Tax	61.31	49.12	66.00	(16.88)
Commercial Vehicle Tax	101.14	92.04	249.00	(156.96)
Watercraft Tax	41.75	50.02	79.00	(28.98)
In Lieu of Taxes	223.02	266.86	-	266.86
Neighborhood Revitalization Rebate	-	-	(64.00)	64.00
Total Receipts	63,134.97	67,710.30	$ 71,247.00	$ (3,536.70)
Expenditures				
Culture and Recreation				
Appropriations	63,134.97	67,710.30	$ 67,882.00	$ (171.70)
Total Expenditures	63,134.97	67,710.30	$ 67,882.00	$ (171.70)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CHERRYVALE, KANSAS
TOURISM FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
County Tourism Tax	$ 10,089.80	$ -	$ -	$ -
Total Receipts	10,089.80	-	$ -	$ -
Expenditures				
General Government				
Contractual Services	14,273.27	6,853.14	$ 39,168.00	$ (32,314.86)
Total Expenditures	14,273.27	6,853.14	$ 39,168.00	$ (32,314.86)
Receipts Over(Under) Expenditures	(4,183.47)	(6,853.14)		
Unencumbered Cash, Beginning	39,077.76	34,894.29		
Unencumbered Cash, Ending	$ 34,894.29	$ 28,041.15		

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	$ -	$ 211.64	$ -	$ 211.64
Total Receipts	-	211.64	$ -	$ 211.64
Expenditures				
Culture and Recreation				
Capital Outlay	-	-	$ 210.00	$ (210.00)
Total Expenditures	-	-	$ 210.00	$ (210.00)
Receipts Over(Under) Expenditures	-	211.64		
Unencumbered Cash, Beginning	210.16	210.16		
Unencumbered Cash, Ending	$ 210.16	$ 421.80		

CITY OF CHERRYVALE, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Highway Gas Tax	$ 58,219.45	$ 57,377.58	$ 57,850.00	$ (472.42)
County Gas Tax	11,372.92	13,934.93	9,060.00	4,874.93
Use of Money and Property				
Finance Lease Proceeds	-	30,432.80	-	30,432.80
Other Receipts				
Reimbursed Expense	-	1,483.50	-	1,483.50
Operating Transfers from:				
General Fund	35,000.00	35,000.00	35,000.00	-
Sewer Utility Fund	20,000.00	20,000.00	20,000.00	-
Refuse Utility Fund	20,000.00	20,000.00	20,000.00	-
Total Receipts	144,592.37	178,228.81	$ 141,910.00	$ 36,318.81
Expenditures				
General Government				
Personal Services	45,900.41	48,123.51	$ 65,166.00	$ (17,042.49)
Contractual Services	10,562.09	11,881.38	10,800.00	1,081.38
Commodities	23,269.23	31,758.15	45,650.00	(13,891.85)
Capital Outlay	10,279.17	30,432.80	6,000.00	24,432.80
Debt Service				
Finance Lease	-	6,000.00	-	6,000.00
Total Certified Budget			127,616.00	579.84
Adjustments for Qualifying Budget Credits			31,916.30	(31,916.30)
Total Expenditures	90,010.90	128,195.84	$ 159,532.30	$ (31,336.46)
Receipts Over(Under) Expenditures	54,581.47	50,032.97		
Unencumbered Cash, Beginning	53,044.79	107,626.26		
Unencumbered Cash, Ending	$ 107,626.26	$ 157,659.23		

CITY OF CHERRYVALE, KANSAS
SMALL GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital Improvements		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	884.47	884.47
Unencumbered Cash, Ending	$ 884.47	$ 884.47

CITY OF CHERRYVALE, KANSAS
CAPITAL IMPROVEMENTS RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from:		
General Fund	$ 15,000.00	$ 25,000.00
Sewer Utility Fund	-	10,000.00
Refuse Utility Fund	9,000.00	-
Total Receipts	24,000.00	35,000.00
Expenditures		
General Government		
Contractual Services	65,641.99	176,956.57
Commodities	-	6,960.94
Capital Outlay	18,500.00	-
Total Expenditures	84,141.99	183,917.51
Receipts Over(Under) Expenditures	(60,141.99)	(148,917.51)
Unencumbered Cash, Beginning	396,754.59	336,612.60
Unencumbered Cash, Ending	$ 336,612.60	$ 187,695.09

CITY OF CHERRYVALE, KANSAS
EMERGENCY VEHICLE RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from General Fund	$ -	$ 20,000.00
Total Receipts	-	20,000.00
Expenditures		
Capital Equipment Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	20,000.00
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 20,000.00

CITY OF CHERRYVALE, KANSAS
MUNICIPAL EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from:		
General Fund	$ -	$ 25,000.00
Sewer Utility Fund	10,000.00	10,000.00
Refuse Utility Fund	10,000.00	5,000.00
Total Receipts	20,000.00	40,000.00
Expenditures		
Capital Equipment		
Capital Outlay	10,991.44	-
Total Expenditures	10,991.44	-
Receipts Over(Under) Expenditures	9,008.56	40,000.00
Unencumbered Cash, Beginning	115,484.38	124,492.94
Unencumbered Cash, Ending	$ 124,492.94	$ 164,492.94

CITY OF CHERRYVALE, KANSAS
RBEG LOAN FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Repayments	$ 8,455.27	$ 4,342.05
Interest	784.73	2,904.91
Total Receipts	9,240.00	7,246.96
Expenditures		
General Government		
Contractual Services	35,000.00	-
Total Expenditures	35,000.00	-
Receipts Over(Under) Expenditures	(25,760.00)	7,246.96
Unencumbered Cash, Beginning	88,738.98	62,978.98
Unencumbered Cash, Ending	$ 62,978.98	$ 70,225.94

CITY OF CHERRYVALE, KANSAS
SMELTER SETTLEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest	$ 4,020.97	$ 13,322.71	$ 3,262.00	$ 10,060.71
Other Receipts				
Settlement Receipt	175,000.00	-	-	-
Total Receipts	179,020.97	13,322.71	$ 3,262.00	$ 10,060.71
Expenditures				
General Government				
Capital Outlay	45,000.00	-	$ 363,755.00	$ (363,755.00)
Total Expenditures	45,000.00	-	$ 363,755.00	$ (363,755.00)
Receipts Over(Under) Expenditures	134,020.97	13,322.71		
Unencumbered Cash, Beginning	182,230.18	316,251.15		
Unencumbered Cash, Ending	$ 316,251.15	$ 329,573.86		

CITY OF CHERRYVALE, KANSAS
VIN INSPECTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
VIN Inspections	$ 1,440.00	$ 1,220.00	$ -	$ 1,220.00
Operating Transfer from General Fund	4,834.00	-	-	-
Total Receipts	6,274.00	1,220.00	$ -	$ 1,220.00
Expenditures				
Public Safety				
Capital Outlay	-	-	$ -	$ -
Total Expenditures	-	-	$ -	$ -
Receipts Over(Under) Expenditures	6,274.00	1,220.00		
Unencumbered Cash, Beginning	-	6,274.00		
Unencumbered Cash, Ending	$ 6,274.00	$ 7,494.00		

CITY OF CHERRYVALE, 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from:				
Water Utility Fund	$ 108,825.00	$ 109,675.00	$ 109,675.00	$ -
Sewer Utility Fund	108,825.00	109,675.00	109,675.00	-
Total Receipts	217,650.00	219,350.00	$ 219,350.00	$ -
Expenditures				
Debt Service				
Principal	165,000.00	170,000.00	$ 170,000.00	$ -
Interest	52,650.00	49,350.00	49,350.00	-
Total Expenditures	217,650.00	219,350.00	$ 219,350.00	$ -
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	4,004.96	4,004.96		
Unencumbered Cash, Ending	$ 4,004.96	$ 4,004.96		

CITY OF CHERRYVALE, KANSAS
WATER 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Receipts	$ 607,219.29	$ 641,138.47	$ 597,389.00	$ 43,749.47
Penalties	13,270.95	10,644.28	12,029.00	(1,384.72)
Reconnection Fees	4,597.44	5,060.00	4,529.00	531.00
Other Fees	6,942.08	4,136.06	360.00	3,776.06
Sales Tax	3,489.54	3,542.24	-	3,542.24
Use of Money and Property				
Finance Lease Proceeds	-	30,188.54	-	30,188.54
Sale of Property	-	30,105.00	-	30,105.00
Other Receipts				
Reimbursements	740.79	1,081.00	-	1,081.00
Miscellaneous	300.45	150.00	-	150.00
Operating Transfers from:				
Sewer Utility Fund	30,000.00	30,000.00	30,000.00	-
Refuse Utility Fund	20,000.00	20,000.00	20,000.00	-
Total Receipts	686,560.54	776,045.59	$ 664,307.00	$ 111,738.59
Expenditures				
Distribution				
Personal Services	189,408.15	147,985.11	$ 178,435.00	$ (30,449.89)
Contractual Services	40,618.79	29,978.60	32,010.00	(2,031.40)
Commodities	323,721.24	358,153.73	366,900.00	(8,746.27)
Capital Outlay	19,905.94	37,441.21	6,000.00	31,441.21
Debt Service				
Finance Lease	-	6,000.00	-	6,000.00
Operating Transfer to				
Bond and Interest Fund	108,825.00	109,675.00	109,675.00	-
Total Expenditures	682,479.12	689,233.65	$ 693,020.00	$ (3,786.35)
Receipts Over(Under) Expenditures	4,081.42	86,811.94		
Unencumbered Cash, Beginning	244,112.24	248,193.66		
Unencumbered Cash, Ending	$ 248,193.66	$ 335,005.60		

CITY OF CHERRYVALE, KANSAS
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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Collections	$ 339,631.90	$ 347,625.31	$ 376,596.00	$ (28,970.69)
Penalties	7,964.92	6,080.59	7,396.00	(1,315.41)
Other Fees	1,000.00	268.50	-	268.50
Use of Money and Property				
Finance Lease Proceeds	-	27,838.66	-	27,838.66
Total Receipts	348,596.82	381,813.06	$ 383,992.00	$ (2,178.94)
Expenditures				
Collections				
Personal Services	83,292.89	84,431.29	$ 101,115.00	$ (16,683.71)
Contractual Services	23,600.56	20,884.83	21,950.00	(1,065.17)
Commodities	11,701.51	14,547.75	46,400.00	(31,852.25)
Capital Outlay	27,025.60	38,884.29	6,000.00	32,884.29
Debt Service				
Finance Lease	-	6,000.00	-	6,000.00
Operating Transfers to:				
Bond and Interest Fund	108,825.00	109,675.00	109,675.00	-
Municipal Equipment Reserve Fund	10,000.00	10,000.00	10,000.00	-
Capital Improvements Reserve Fund	-	10,000.00	10,000.00	-
Water Utility Fund	30,000.00	30,000.00	30,000.00	-
Special Highway Fund	20,000.00	20,000.00	20,000.00	-
Total Expenditures	314,445.56	344,423.16	$ 355,140.00	$ (10,716.84)
Receipts Over(Under) Expenditures	34,151.26	37,389.90		
Unencumbered Cash, Beginning	403,691.41	437,842.67		
Unencumbered Cash, Ending	$ 437,842.67	$ 475,232.57		

CITY OF CHERRYVALE, KANSAS
REFUSE 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collection Fees	$ 214,855.01	$ 212,413.10	$ 254,563.00	$ (42,149.90)
Total Receipts	214,855.01	212,413.10	$ 254,563.00	$ (42,149.90)
Expenditures				
General Utility Services				
Contractual Services	204,376.74	202,796.33	$ 203,476.00	$ (679.67)
Capital Outlay	-	-	6,000.00	(6,000.00)
Operating Transfers to:				
Capital Improvements Reserve Fund	9,000.00	-	10,000.00	(10,000.00)
Municipal Equipment Reserve Fund	10,000.00	5,000.00	10,000.00	(5,000.00)
Water Utility Fund	20,000.00	20,000.00	20,000.00	-
Special Highway Fund	20,000.00	20,000.00	20,000.00	-
Total Expenditures	263,376.74	247,796.33	$ 269,476.00	$ (21,679.67)
Receipts Over(Under) Expenditures	(48,521.73)	(35,383.23)		
Unencumbered Cash, Beginning	85,534.46	37,012.73		
Unencumbered Cash, Ending	$ 37,012.73	$ 1,629.50		

CITY OF CHERRYVALE, KANSAS
STORM WATER 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 Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collection Fees	$ 17,833.68	$ 18,244.11	$ 17,745.00	$ 499.11
Penalties	1.87	1.02	-	1.02
Total Receipts	17,835.55	18,245.13	$ 17,745.00	$ 500.13
Expenditures				
General Utility Services				
Capital Outlay	-	-	$ 87,452.00	$ (87,452.00)
Total Expenditures	-	-	$ 87,452.00	$ (87,452.00)
Receipts Over(Under) Expenditures	17,835.55	18,245.13		
Unencumbered Cash, Beginning	51,961.61	69,797.16		
Unencumbered Cash, Ending	$ 69,797.16	$ 88,042.29		

CITY OF CHERRYVALE, KANSAS
CEMETERY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Donations	$ -	$ -
Total Receipts	-	-
Expenditures		
Perpetual Care		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	1,713.79	1,713.79
Unencumbered Cash, Ending	$ 1,713.79	$ 1,713.79

CITY OF CHERRYVALE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Firefighter's Auxiliary Fund	$ 10,029.74	$ 1,387.41	$ 1,528.20	$ 9,888.95
Volunteer Firefighters Fund	61.04	-	61.04	-
Firefighters Flag Fund	93.12	-	93.12	-
FSA Fund	6,897.72	20,999.76	24,528.25	3,369.23
Fire Insurance Proceeds Fund	10,736.70	-	-	10,736.70
Drug Seizure Fund	434.86	-	-	434.86
	$ 28,253.18	$ 22,387.17	$ 26,210.61	$ 24,429.74

Jarred Gilmore Phillips

The Honorable Mayor, City Council and Management
City of Cherryvale, Kansas

In planning and performing our audit of the financial statement of the City of Cherryvale, Kansas as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered City of Cherryvale, Kansas' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Cherryvale, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Cherryvale, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Preparation of Financial Statement

Professional standards require management to accept responsibility for the preparation and fair presentation of the financial statement, including related note disclosures. The City engages the auditor to assist in drafting the financial statement in accordance with the Kansas Municipal Audit and Accounting Guide. The City does not have personnel with specialized training in governmental financial reporting necessary to independently prepare the complete financial statement and related disclosures. Accordingly, management relies on the auditor for preparation of the financial statement. While this condition is common among smaller governmental entities and does not reflect on management's integrity or oversight, it represents a deficiency in internal control over financial reporting because the preparation of the financial statement is not performed by individuals independent of the audit process.

Management has reviewed and approved the financial statement and has accepted responsibility for them. We encourage management, the Council and Mayor to continue their oversight of the financial reporting process and to remain informed of reporting requirements.

Segregation of Duties

Due to the limited number of personnel, complete segregation of duties is not achievable. As a result, certain internal control functions are necessarily performed by the same individual. Under auditing standards generally accepted in the United States, this condition represents a significant deficiency in internal control, as it increases the risk that errors or irregularities could occur and not be detected on a timely basis.

This comment is provided as a reminder to those charged with governance of their fiduciary oversight responsibilities, rather than as a recommendation for corrective action. Management and the governing body are aware of these circumstances and have determined that the costs associated with additional staffing or restructuring would outweigh the related benefits at this time.

Accordingly, the governing body should continue to exercise diligent financial oversight, including active involvement in the review of financial information, approval of disbursements, and periodic review of internal control procedures, to mitigate the risks inherent in these conditions.

Calculation of Utility Bills

During our audit, we noted that sewer charges were not calculating correctly after the City transitioned to new utility billing software. As a result, certain customers may not have been charged in accordance with the City's approved sewer rate ordinance.

We recommend the City review utility billing calculations for accuracy when rate changes occur or new systems are implemented. This review should include verifying that rates, billing codes, and calculation formulas are properly entered into the system to help ensure customers are charged in accordance with approved ordinances.

This communication is intended solely for the information and use of management, the Mayor, City Council, and others within the City of Cherryvale, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
June 16, 2026