CITY OF CANEY, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF CANEY, 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 Caney, 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 Caney, 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 Caney, 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 Caney, 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 Caney, 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 summary 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 Caney, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated October 29, 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 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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

August 20, 2026
Chanute, Kansas

CITY OF CANEY, 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	$ 634,671.99	$ 1,538,263.74	$ 1,727,686.11	$ 445,249.62	$ 108,025.08	$ 553,274.70
Special Purpose Funds:						
Industrial	5,898.24	3,132.51	3,995.00	5,035.75	-	5,035.75
Library	0.03	74,462.95	74,462.95	0.03	-	0.03
Special Parks	10,254.63	2,494.49	28.26	12,720.86	-	12,720.86
Employee Benefits	157,688.02	377,186.13	490,728.48	44,145.67	135,374.63	179,520.30
Vehicle Identification	7,654.67	2,697.02	-	10,351.69	-	10,351.69
Special Highway	109,345.18	58,131.80	64,843.38	102,633.60	106.60	102,740.20
Tourism	28,093.77	16,931.35	35,225.94	9,799.18	-	9,799.18
Police, Fire, and Ambulance Equipment	26,714.95	32,287.94	51,240.28	7,762.61	-	7,762.61
Street Sales Tax	320,341.53	99,433.91	86,150.14	333,625.30	-	333,625.30
Grant Projects	150,949.07	163,330.75	251,574.06	62,705.76	40,888.00	103,593.76
Equipment Reserve	38,934.83	8,837.24	-	47,772.07	-	47,772.07
Capital Project Funds:						
Wastewater Improvement Project	22,849.27	-	-	22,849.27	-	22,849.27
Water Supply Line Project	-	-	226,599.50	(226,599.50)	226,599.50	-
Bond and Interest Funds:						
General Obligation Bond and Interest	257,904.68	1,245,435.54	1,319,314.00	184,026.22	15,000.00	199,026.22
Business Funds:						
Water Utility	18,133.67	735,652.42	739,409.95	14,376.14	66,804.55	81,180.69
Sewer Utility	223,424.16	522,042.48	644,263.93	101,202.71	24,092.62	125,295.33
Sewer Treatment Replacement	47,301.36	7,415.62	-	54,716.98	-	54,716.98
Solid Waste Utility	96,011.22	250,306.74	334,454.79	11,863.17	22,157.41	34,020.58
Grocery Store Utility	1,647.04	980,308.02	981,955.06	-	15,571.24	15,571.24
Total Primary Government (Excluding Agency Funds)	$ 2,157,818.31	$ 6,118,350.65	$ 7,031,931.83	$ 1,244,237.13	$ 654,619.63	$ 1,898,856.76

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

CITY OF CANEY, KANSAS

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

	2025
Total Cash to be accounted for:	$ 1,898,856.76
Composition of Cash:	
Utility Cash on Hand	$ 250.00
General Petty Cash on Hand	100.00
Police Petty Cash on Hand	400.00
Pool Petty Cash on Hand	402.00
Checking Accounts:	
General Account	136,157.94
Grant Checking Account	5.00
Money Market Account	100,319.34
ICS Sweep Account	1,675,860.72
Total Cash	1,913,495.00
Agency Funds per Schedule 3	(14,638.24)
Total Reporting Entity (Excluding Agency Funds)	$ 1,898,856.76

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 Caney, 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 Caney, Kansas (the City) is a municipal corporation governed by a Mayor and elected eight member council. This financial statement presents the City of Caney, 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:

> Caney City Library - The Caney 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 financial information can be obtained from the Library.
>
> Caney Recreation Commission - The Caney Recreation Commission oversees the City's recreation activities. The Caney Recreation Commission operates as a separate governing body but the City may appoint board members to the Recreation Commission. Separate financial information can be obtained from the Recreation Commission.

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 Caney, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

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 municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, 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.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipt 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 receipt 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.

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.

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, and business funds. Although directory rather than mandatory, the statutes provide for the following 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 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. During the year ended December 31, 2025, the City amended the General Fund, Industrial Fund, Police, Fire, and Ambulance Equipment Fund and the Tourism Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)
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 prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

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

- Grant Projects Fund
- Equipment Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement are 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
As shown in Statement 1, the City was in apparent violation of K.S.A. 10-1,113. The City has obligated expenditures in excess of available monies in the Water Supply Line Project Fund. However, K.S.A. 10-1116 provides that under certain situations, a fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of the State of Kansas. The Water Supply Line Project Fund met the criteria under the statutes, and therefore, is not deemed to be in violation of the Kansas cash basis law. As shown in Schedule 1 the City was in apparent violation of K.S.A. 79-2935 as they have obligated expenditures in excess of budgeted limits in the Employee Benefits Fund, Police, Fire, and Ambulance Equipment Fund, General Obligation Bond and Interest Fund, Sewer Utility Fund and Solid Waste Utility Fund.

The City was in apparent violation of K.S.A. 12-1608 which requires the treasurer of first and second class cities to publish the quarterly statements showing the total amount received into each fund and the total amount expended from each fund and the cash balances of each fund at the beginning and close of each quarter. Such quarterly statements shall show the amount of outstanding registered warrants, temporary notes, bonds and all other obligations and liabilities of the City. The first, second and fourth quarterly statements were not published within the 30 day requirement.

Management is not aware of any other material statutory violations.

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

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 at December 31, 2025.

Deposits: At year-end, the City's carrying amount of deposits was $1,912,343.00 and the bank balance was $1,865,061.44. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $189,200.82 was covered by federal depository insurance and $1,675,860.62 was collateralized with a repurchase agreement.

4. RIGHT TO USE CONTRACTS

As of December 31, 2025 the City has entered into a right to use contract for a Bobcat Loader. Rent expenditures for the year ended December 31, 2025, was $4,450.00. Under the current agreements, the future minimum rental payments are as follows:

2026	$ 9,000.00
2027	9,000.00
2028	9,000.00
2029	9,000.00
2030	4,450.00

5. KANSAS PUBLIC WATER SUPPLY LOAN FUND

Effective August 11, 2025, the City entered into a loan agreement through the Kansas Public Water Supply Loan Fund in an amount not to exceed $6,869,325.00. The loan bears interest at a rate of 3.14%. Under the terms of the loan agreement, the City is estimated to receive principal loan forgiveness of approximately $2,500,000.00, subject to the applicable terms and conditions of the loan program.

As of December 31, 2025, the City had not drawn down any funds under the loan agreement and, accordingly, no outstanding loan principal was payable as of year-end.

6. 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 Utility Receipts:									
Series 2020-A	1.375%	June 24, 2020	$ 540,000.00	June 24, 2060	$ 498,288.27	$ -	$ (10,793.54)	$ 487,494.73	$ 6,851.46
Series 2020-B	1.375%	June 24, 2020	2,741,000.00	June 24, 2060	2,529,289.50	-	(54,783.27)	2,474,506.23	34,777.73
Series 2020-C	1.375%	June 24, 2020	693,000.00	June 24, 2060	639,471.65	-	(13,851.26)	625,620.39	8,792.74
Series 2020-D	1.1-2%	September 1, 2020	2,710,000.00	December 1, 2040	1,590,000.00	-	(225,000.00)	1,365,000.00	28,912.50
Series 2022-A	1.375%	August 10, 2022	668,000.00	August 10, 2062	642,548.21	-	(12,988.96)	629,559.25	8,835.04
Series 2022-B	1.50%	August 10, 2022	577,000.00	August 10, 2062	555,570.48	-	(10,956.44)	544,614.04	8,333.56
Series 2024-A	3.00% - 4.100%	February 8, 2024	780,000.00	October 1, 2044	780,000.00	-	(780,000.00)	-	29,222.50
Taxable General Obligation Bonds									
Paid by Grocery Store Installment Receipts:									
Series 2025	4.35% - 6.00%	December 3, 2025	745,000.00	October 1, 2044	-	745,000.00	-	745,000.00	-
Finance Leases									
Ambulance	3.25%	August 4, 2020	176,546.00	August 1, 2025	21,717.76	-	(21,717.76)	-	265.52
Total Contractual Indebtedness					$ 7,256,885.87	$ 745,000.00	$ (1,130,091.23)	$ 6,871,794.64	$ 125,991.05

6. 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	2036-2040
Principal							
General Obligation Bonds							
Series 2020-A	$ 10,941.95	$ 11,092.40	$ 11,227.39	$ 11,399.30	$ 11,556.04	$ 60,191.30	$ 64,434.47
Series 2020-B	55,536.54	56,300.17	56,985.29	57,857.84	58,653.39	305,504.70	327,041.20
Series 2020-C	14,041.72	14,234.79	14,408.02	14,628.63	14,829.78	77,243.04	82,688.29
Series 2020-D	240,000.00	240,000.00	100,000.00	260,000.00	60,000.00	255,000.00	210,000.00
Series 2022-A	13,167.56	13,348.61	13,532.16	13,718.22	13,906.85	72,455.67	77,575.88
Series 2022-B	11,120.79	11,287.60	11,456.92	11,628.77	11,803.20	61,725.44	66,495.83
Taxable General Obligation Bonds							
Series 2025	30,000.00	25,000.00	25,000.00	30,000.00	30,000.00	170,000.00	220,000.00
Total Principal Payments	374,808.56	371,263.57	232,609.78	399,232.76	200,749.26	1,002,120.15	1,048,235.67
Interest							
General Obligation Bonds							
Series 2020-A	6,703.05	6,552.60	6,417.61	6,245.70	6,088.96	28,033.70	23,790.53
Series 2020-B	34,024.46	33,260.83	32,575.71	31,703.16	30,907.61	142,300.30	120,763.80
Series 2020-C	8,602.28	8,409.21	8,235.98	8,015.37	7,814.22	35,976.96	30,531.71
Series 2020-D	24,412.50	19,612.50	14,812.50	12,812.50	8,152.50	29,557.50	16,800.00
Series 2022-A	8,656.44	8,475.39	8,291.84	8,105.78	7,917.15	36,664.33	31,544.12
Series 2022-B	8,169.21	8,002.40	7,833.08	7,661.23	7,486.80	34,724.56	29,954.17
Taxable General Obligation Bonds							
Series 2025	31,445.21	36,187.50	34,687.50	33,187.50	31,387.50	133,585.00	89,075.00
Total Interest Payments	122,013.15	120,500.43	112,854.22	107,731.24	99,754.74	440,842.35	342,459.33
Total Principal and Interest	$ 496,821.71	$ 491,764.00	$ 345,464.00	$ 506,964.00	$ 300,504.00	$ 1,442,962.50	$ 1,390,695.00

6. 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	2041-2045	2046-2050	2051-2055	2056-2060	2061-2062	Total
Principal						
General Obligation Bonds						
Series 2020-A	$ 69,004.52	$ 73,882.92	$ 79,106.25	$ 84,658.19	$ -	$ 487,494.73
Series 2020-B	350,236.74	374,997.36	401,508.68	429,884.32	-	2,474,506.23
Series 2020-C	88,552.98	94,813.40	101,516.45	108,663.29	-	625,620.39
Series 2020-D	-	-	-	-	-	1,365,000.00
Series 2022-A	83,057.92	88,927.37	95,211.57	101,939.86	42,717.58	629,559.25
Series 2022-B	71,634.89	77,171.12	83,135.22	89,560.25	37,594.01	544,614.04
Taxable General Obligation Bonds						
Series 2025	215,000.00	-	-	-	-	745,000.00
Total Principal Payments	877,487.05	709,792.17	760,478.17	814,705.91	80,311.59	6,871,794.64
Interest						
General Obligation Bonds						
Series 2020-A	19,220.48	14,342.08	9,118.75	3,526.77	-	130,040.23
Series 2020-B	97,568.26	72,807.64	46,296.32	17,913.84	-	660,121.93
Series 2020-C	24,667.02	18,406.60	11,703.55	4,527.39	-	166,890.29
Series 2020-D	-	-	-	-	-	126,160.00
Series 2022-A	26,062.08	20,192.63	13,908.43	7,180.14	882.73	177,881.06
Series 2022-B	24,815.11	19,278.88	13,314.78	6,889.75	846.93	168,976.90
Taxable General Obligation Bonds						
Series 2025	28,305.00	-	-	-	-	417,860.21
Total Interest Payments	220,637.95	145,027.83	94,341.83	40,037.89	1,729.66	1,847,930.62
Total Principal and Interest	$ 1,098,125.00	$ 854,820.00	$ 854,820.00	$ 854,743.80	$ 82,041.25	$ 8,719,725.26

7. DEFINED BENEFIT PENSION PLAN

General Information about the 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 or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $143,682.89 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 $1,008,797.00. 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 with one year of employment 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:	1-5	6-10	11 +
Hours Earned Per Month:	6.66	10	13.33
Equivalent Work Days	10	15	20

Accrued vacation benefits must be used within the employee's annual period (hire date to hire date), but an employee can carry over 3 days of vacation per year.

Sick leave accrues to all full-time employees at the rate of eight hours sick leave per month of continuous employment to a maximum of 480 hours of sick leave. In the event of termination, an employee shall not be paid for any accrued sick leave.

The City has no policy regarding compensatory time, however it is accumulated.

The City estimates 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.

In accordance with the above criteria, the City has estimated a liability for annual leave and compensatory time, which has been earned, but not taken, by City employees. The estimated liability at December 31, 2025, was $19,516.50 for annual leave. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

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.

10. INSTALLMENT SALE OF GROCERY STORE

During 2025, the City entered into an agreement for the sale of its grocery store. The total sales price was $300,000.00, with a down payment of $80,000.00 received at closing. The remaining balance bears interest at 4.5% and is to be repaid in monthly installments of $1,682.99, commencing November 1, 2025, and continuing for 24 months. A final balloon payment of $198,495.43 is due within thirty days after the last required installment payment. Under the terms of the agreement the buyer may exercise up to two written extensions of the balloon payment due date, with each extension not to exceed three months, in order to allow the buyer additional time to secure financing. During any extension period, the buyer is required to continue making the regular monthly installment payments, including accrued interest. The principal balance outstanding as of December 31, 2025 was $219,401.74.

11. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Sewer Utility	General Obligation Bond and Interest	K.S.A. 12-825d	$ 220,000.00
Sewer Utility	Grocery Store Utility	K.S.A. 12-825d	94,530.63
Solid Waste Utility	Grocery Store Utility	K.S.A. 12-825d	75,000.00
Water Utility	Employee Benefits	K.S.A. 12-825d	200,000.00

12. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF CANEY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
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	$ 1,848,195.00	$ 20,511.74	$ 1,868,706.74	$ 1,727,686.11	$ (141,020.63)
Special Purpose Funds:					
Industrial	4,500.00	-	4,500.00	3,995.00	(505.00)
Library	77,724.00	-	77,724.00	74,462.95	(3,261.05)
Special Parks	5,000.00	-	5,000.00	28.26	(4,971.74)
Employee Benefits	395,937.00	-	395,937.00	490,728.48	94,791.48
Vehicle Identification	5,500.00	-	5,500.00	-	(5,500.00)
Special Highway	65,000.00	-	65,000.00	64,843.38	(156.62)
Tourism	35,226.00	-	35,226.00	35,225.94	(0.06)
Police, Fire, and Ambulance Equipment	46,000.00	-	46,000.00	51,240.28	5,240.28
Street Sales Tax	90,000.00	-	90,000.00	86,150.14	(3,849.86)
Bond and Interest Fund:					
General Obligation Bond and Interest	434,881.00	745,000.00	1,179,881.00	1,319,314.00	139,433.00
Business Funds:					
Water Utility	782,100.00	-	782,100.00	739,409.95	(42,690.05)
Sewer Utility	584,174.00	-	584,174.00	644,263.93	60,089.93
Solid Waste Utility	285,000.00	-	285,000.00	334,454.79	49,454.79
Grocery Store Utility	1,450,038.00	-	1,450,038.00	981,955.06	(468,082.94)

CITY OF CANEY, 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	$ 223,049.08	$ 252,269.32	$ 290,150.00	$ (37,880.68)
Delinquent Tax	27,397.58	26,605.52	25,000.00	1,605.52
Motor Vehicle Tax	32,239.22	25,463.18	25,417.00	46.18
Recreational Vehicle Tax	383.75	289.59	289.00	0.59
16/20M Truck Tax	95.50	95.43	95.00	0.43
Commercial Vehicle Tax	404.29	295.58	240.00	55.58
Watercraft Tax	91.45	77.86	144.00	(66.14)
Franchise Taxes	280,273.95	270,114.02	246,482.00	23,632.02
Local Alcoholic Liquor Tax	4,142.15	1,298.14	3,152.00	(1,853.86)
Compensating Use Tax	328,797.24	253,255.67	200,000.00	53,255.67
Local Sales Tax	200,484.13	198,808.23	282,000.00	(83,191.77)
Pool Sales Tax	100,266.97	99,433.91	93,888.00	5,545.91
Intergovernmental				
Federal Grants	3,825.00	16,407.17	-	16,407.17
State Grants	14,034.95	3,509.11	-	3,509.11
Licenses and Permits				
Licenses, Permits & Fees	8,044.88	4,209.50	3,000.00	1,209.50
Charges for Services				
Swimming Pool	16,752.20	21,618.68	25,000.00	(3,381.32)
Dog Tags	56.00	33.00	200.00	(167.00)
Accident Reports & Finger Printing	144.00	112.00	650.00	(538.00)
Cemetery Lots & Settings	11,534.00	5,721.00	15,000.00	(9,279.00)
Ambulance Fees	84,057.60	78,460.32	65,000.00	13,460.32
County Ambulance Assistance	57,057.20	42,458.43	56,500.00	(14,041.57)
Fines, Forfeitures and Penalties				
Fines	104,750.66	137,932.15	165,000.00	(27,067.85)
Use of Money and Property				
Sale of Assets	-	5,039.81	-	5,039.81
Interest	15,436.32	95,683.51	18,000.00	77,683.51
Other Receipts				
Donations	-	12,180.97	-	12,180.97
Insurance Premium Return	183,344.06	595.46	12,000.00	(11,404.54)
Reimbursed Expense	439.25	-	445.00	(445.00)
Miscellaneous	10,960.62	(13,703.82)	24,000.00	(37,703.82)
Total Receipts	1,708,062.05	1,538,263.74	$ 1,551,652.00	$ (13,388.26)

CITY OF CANEY, 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				
City Administrator Department				
Personal Services	$ 137,071.02	$ 106,501.44	$ 130,600.00	$ (24,098.56)
Contractual Services	344,330.61	304,194.57	279,230.00	24,964.57
Commodities	9,263.93	22,468.52	15,000.00	7,468.52
Capital Outlay	-	-	267,803.00	(267,803.00)
Street Department				
Personal Services	43,178.05	46,926.70	41,000.00	5,926.70
Contractual Services	40,460.32	46,573.59	39,000.00	7,573.59
Commodities	14,834.79	10,212.84	20,000.00	(9,787.16)
Parks Department				
Personal Services	-	-	13,571.00	(13,571.00)
Contractual Services	12,548.44	7,132.43	28,000.00	(20,867.57)
Commodities	366.33	-	13,000.00	(13,000.00)
Pool Department				
Personal Services	37,032.77	40,422.99	42,000.00	(1,577.01)
Contractual Services	14,968.14	5,819.91	5,000.00	819.91
Commodities	12,821.48	19,934.48	16,000.00	3,934.48
Police Department				
Personal Services	380,620.19	440,340.47	367,200.00	73,140.47
Contractual Services	58,513.50	66,725.57	91,850.00	(25,124.43)
Commodities	25,593.49	23,161.70	27,313.00	(4,151.30)
Capital Outlay	10,095.22	7,212.87	10,000.00	(2,787.13)
Dog Catcher/Pound				
Personal Services	12,300.00	14,706.00	-	14,706.00
Commodities	1,368.74	-	-	-
Municipal Court				
Personal Services	33,061.52	34,486.61	31,915.00	2,571.61
Contractual Services	14,970.04	4,209.20	23,000.00	(18,790.80)
Commodities	147.84	232.96	750.00	(517.04)
Fire Department				
Personal Services	17,423.14	20,115.04	25,000.00	(4,884.96)
Contractual Services	30,616.40	31,176.11	30,000.00	1,176.11
Commodities	22,119.30	9,676.05	20,000.00	(10,323.95)
Ambulance Department				
Personal Services	291,158.05	360,594.97	249,225.00	111,369.97
Contractual Services	27,686.88	39,641.40	45,200.00	(5,558.60)
Commodities	16,186.43	13,162.51	16,538.00	(3,375.49)

CITY OF CANEY, 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)				
Cemetery Department				
Personal Services	$ 13,822.57	$ 18,156.93	$ -	$ 18,156.93
Contractual Services	20,845.00	33,400.25	-	33,400.25
Commodities	1,442.29	500.00	-	500.00
Total Certified Budget			1,848,195.00	(120,508.89)
Adjustments for Qualifying Budget Credits			20,511.74	(20,511.74)
Total Expenditures	1,644,846.48	1,727,686.11	$ 1,868,706.74	$ (141,020.63)
Receipts Over(Under) Expenditures	63,215.57	(189,422.37)		
Unencumbered Cash, Beginning	571,456.42	634,671.99		
Unencumbered Cash, Ending	$ 634,671.99	$ 445,249.62		

CITY OF CANEY, KANSAS
INDUSTRIAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the 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	$ 3,227.35	$ 2,461.29	$ 2,842.00	$ (380.71)
Delinquent Tax	254.05	298.05	-	298.05
Motor Vehicle	435.28	362.37	368.00	(5.63)
Recreational Vehicle Tax	5.17	4.12	4.00	0.12
16/20M Vehicle Tax	1.29	1.28	1.00	0.28
Commercial Vehicle Tax	5.45	4.28	3.00	1.28
Watercraft Tax	1.23	1.12	2.00	(0.88)
Total Receipts	3,929.82	3,132.51	$ 3,220.00	$ (87.49)
Expenditures				
General Government				
Contractual Services	2,625.00	3,995.00	$ 4,500.00	$ (505.00)
Total Expenditures	2,625.00	3,995.00	$ 4,500.00	$ (505.00)
Receipts Over(Under) Expenditures	1,304.82	(862.49)		
Unencumbered Cash, Beginning	4,593.42	5,898.24		
Unencumbered Cash, Ending	$ 5,898.24	$ 5,035.75		

CITY OF CANEY, 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	$ 59,272.32	$ 61,596.73	$ 70,870.00	$ (9,273.27)
Delinquent Tax	6,059.20	6,122.67	-	6,122.67
Motor Vehicle Tax	7,339.05	6,548.01	6,755.00	(206.99)
Recreational Vehicle Tax	87.30	74.32	77.00	(2.68)
16/20M Truck Tax	20.74	21.98	22.00	(0.02)
Commercial Vehicle Tax	93.08	78.55	64.00	14.55
Watercraft Tax	21.06	20.69	38.00	(17.31)
Total Receipts	72,892.75	74,462.95	$ 77,826.00	$ (3,363.05)
Expenditures				
Culture and Recreation				
Library Board	72,892.75	74,462.95	$ 77,724.00	$ (3,261.05)
Total Expenditures	72,892.75	74,462.95	$ 77,724.00	$ (3,261.05)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	0.03	0.03		
Unencumbered Cash, Ending	$ 0.03	$ 0.03		

CITY OF CANEY, KANSAS
SPECIAL PARKS 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	$ 4,142.15	$ 1,298.15	$ 3,152.00	$ (1,853.85)
County Alcoholic Liquor Tax	1,684.17	1,196.34	-	1,196.34
Total Receipts	5,826.32	2,494.49	$ 3,152.00	$ (657.51)
Expenditures				
Culture and Recreation				
Contractual Services	1,023.27	28.26	$ 5,000.00	$ (4,971.74)
Commodities	5,105.96	-	-	-
Total Expenditures	6,129.23	28.26	$ 5,000.00	$ (4,971.74)
Receipts Over(Under) Expenditures	(302.91)	2,466.23		
Unencumbered Cash, Beginning	10,557.54	10,254.63		
Unencumbered Cash, Ending	$ 10,254.63	$ 12,720.86		

CITY OF CANEY, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the 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	$ 168,237.29	$ 140,773.60	$ 162,192.00	$ (21,418.40)
Delinquent Tax	16,441.19	17,133.24	14,000.00	3,133.24
Motor Vehicle Tax	21,798.90	18,720.59	19,172.00	(451.41)
Recreational Vehicle Tax	259.49	212.56	218.00	(5.44)
16/20M Truck Tax	64.86	64.45	65.00	(0.55)
Commercial Vehicle Tax	273.07	222.95	181.00	41.95
Watercraft Tax	61.77	58.74	109.00	(50.26)
Operating Transfer from				
Water Utility Fund	165,000.00	200,000.00	200,000.00	-
Total Receipts	372,136.57	377,186.13	$ 395,937.00	$ (18,750.87)
Expenditures				
General Government				
Social Security	128,332.83	103,322.13	$ 90,000.00	$ 13,322.13
KPERS	130,968.55	140,477.69	100,000.00	40,477.69
Workers Compensation	3,368.25	-	5,937.00	(5,937.00)
Unemployment	2,816.77	550.17	10,000.00	(9,449.83)
Health Insurance	205,323.86	246,378.49	190,000.00	56,378.49
Total Expenditures	470,810.26	490,728.48	$ 395,937.00	$ 94,791.48
Receipts Over(Under) Expenditures	(98,673.69)	(113,542.35)		
Unencumbered Cash, Beginning	256,361.71	157,688.02		
Unencumbered Cash, Ending	$ 157,688.02	$ 44,145.67		

CITY OF CANEY, KANSAS
VEHICLE IDENTIFICATION 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	$ 3,760.00	$ 2,681.02	$ 4,000.00	$ (1,318.98)
Other Receipts				
Miscellaneous	-	16.00	-	16.00
Total Receipts	3,760.00	2,697.02	$ 4,000.00	$ (1,302.98)
Expenditures				
General Government				
Commodities	97.85	-	$ 5,500.00	$ (5,500.00)
Total Expenditures	97.85	-	$ 5,500.00	$ (5,500.00)
Receipts Over(Under) Expenditures	3,662.15	2,697.02		
Unencumbered Cash, Beginning	3,992.52	7,654.67		
Unencumbered Cash, Ending	$ 7,654.67	$ 10,351.69		

CITY OF CANEY, 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				
Motor Fuel Tax	$ 47,429.56	$ 46,776.73	$ 53,250.00	$ (6,473.27)
County Gas Tax	9,274.43	11,355.07	-	11,355.07
Total Receipts	56,703.99	58,131.80	$ 53,250.00	$ 4,881.80
Expenditures				
General Government				
Personal Services	32,750.74	44,145.24	65,000.00	$ (20,854.76)
Commodities	7,787.76	20,698.14	-	20,698.14
Total Expenditures	40,538.50	64,843.38	$ 65,000.00	$ (156.62)
Receipts Over(Under) Expenditures	16,165.49	(6,711.58)		
Unencumbered Cash, Beginning	93,179.69	109,345.18		
Unencumbered Cash, Ending	$ 109,345.18	$ 102,633.60		

CITY OF CANEY, 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	$ 19,847.83	$ 16,931.35	$ 12,500.00	$ 4,431.35
Total Receipts	19,847.83	16,931.35	$ 12,500.00	$ 4,431.35
Expenditures				
General Government				
Contractual Services	19,955.88	35,225.94	$ 35,226.00	$ (0.06)
Capital Outlay	4,602.68	-	-	-
Total Expenditures	24,558.56	35,225.94	$ 35,226.00	$ (0.06)
Receipts Over(Under) Expenditures	(4,710.73)	(18,294.59)		
Unencumbered Cash, Beginning	32,804.50	28,093.77		
Unencumbered Cash, Ending	$ 28,093.77	$ 9,799.18		

CITY OF CANEY, KANSAS
POLICE, FIRE, AND AMBULANCE EQUIPMENT 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	$ 30,514.36	$ 25,540.03	$ 29,420.00	$ (3,879.97)
Delinquent Tax	3,620.57	3,352.80	-	3,352.80
Motor Vehicle Tax	3,434.80	3,296.51	3,477.00	(180.49)
Recreational Vehicle Tax	40.88	37.36	40.00	(2.64)
16/20M Truck Tax	10.22	10.16	10.00	0.16
Commercial Vehicle Tax	43.03	40.44	33.00	7.44
Watercraft Tax	9.74	10.64	20.00	(9.36)
Other Receipts				
Miscellaneous	23.75	-	-	-
Reimbursed Expense	20,000.00	-	-	-
Total Receipts	57,697.35	32,287.94	$ 33,000.00	$ (712.06)
Expenditures				
General Government				
Contractual Service	25,000.00	-	$ 46,000.00	$ (46,000.00)
Debt Service				
Finance Lease	32,974.92	51,240.28	-	51,240.28
Total Expenditures	57,974.92	51,240.28	$ 46,000.00	$ 5,240.28
Receipts Over(Under) Expenditures	(277.57)	(18,952.34)		
Unencumbered Cash, Beginning	26,992.52	26,714.95		
Unencumbered Cash, Ending	$ 26,714.95	$ 7,762.61		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 100,266.96	$ 99,433.91	$ 95,000.00	$ 4,433.91
Total Receipts	100,266.96	99,433.91	$ 95,000.00	$ 4,433.91
Expenditures				
General Government				
Personal Services	-	48,292.52	$ -	$ 48,292.52
Contractual Services	10,676.47	31,049.06	90,000.00	(58,950.94)
Commodities	13,980.04	6,808.56	-	6,808.56
Total Expenditures	24,656.51	86,150.14	$ 90,000.00	$ (3,849.86)
Receipts Over(Under) Expenditures	75,610.45	13,283.77		
Unencumbered Cash, Beginning	244,731.08	320,341.53		
Unencumbered Cash, Ending	$ 320,341.53	$ 333,625.30		

CITY OF CANEY, KANSAS
GRANT PROJECTS 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	$ 334,277.05	$ 105,028.25
Local Grants	5,835.72	-
Other Receipts		
Donations	-	5,000.00
Miscellaneous	-	53,302.50
Total Receipts	340,112.77	163,330.75
Expenditures		
General Government		
Contractual Services	600,952.44	148,371.37
Commodities	1,581.88	103,202.69
Total Expenditures	602,534.32	251,574.06
Receipts Over(Under) Expenditures	(262,421.55)	(88,243.31)
Unencumbered Cash, Beginning	413,370.62	150,949.07
Unencumbered Cash, Ending	$ 150,949.07	$ 62,705.76

CITY OF CANEY, KANSAS
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		
Intergovernmental		
Local Grants	$ -	$ 7,000.00
Use of Money and Property		
Sale of Assets	11,587.30	1,837.24
Total Receipts	11,587.30	8,837.24
Expenditures		
General Government		
Capital Outlay	57,383.31	-
Total Expenditures	57,383.31	-
Receipts Over(Under) Expenditures	(45,796.01)	8,837.24
Unencumbered Cash, Beginning	84,730.84	38,934.83
Unencumbered Cash, Ending	$ 38,934.83	$ 47,772.07

CITY OF CANEY, KANSAS
WASTEWATER IMPROVEMENT PROJECT 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		
Commodities	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	22,849.27	22,849.27
Unencumbered Cash, Ending	$ 22,849.27	$ 22,849.27

CITY OF CANEY, KANSAS
WATER SUPPLY LINE PROJECT 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	-	226,599.50
Total Expenditures	-	226,599.50
Receipts Over(Under) Expenditures	-	(226,599.50)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (226,599.50)

CITY OF CANEY, KANSAS
CAPITAL PROJECT 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		
Capital Outlay	5.00	-
Total Expenditures	5.00	-
Receipts Over(Under) Expenditures	(5.00)	-
Unencumbered Cash, Beginning	5.00	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CANEY, KANSAS
GENERAL OBLIGATION 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				
Taxes and Shared Receipts				
Sales Tax	$ 200,484.11	$ 198,808.23	$ 180,000.00	$ 18,808.23
Use of Money and Property				
Bond Proceeds	768,690.00	745,000.00	-	745,000.00
Sale of Assets	-	81,627.31	-	81,627.31
Operating Transfer from				
Sewer Utility Fund	220,000.00	220,000.00	220,000.00	-
Total Receipts	1,189,174.11	1,245,435.54	$ 400,000.00	$ 845,435.54
Expenditures				
Debt Service				
Principal	1,131,818.88	1,108,373.47	$ 424,881.00	$ 683,492.47
Interest	124,726.94	125,725.53	10,000.00	115,725.53
Cost of Issuance	12,879.00	85,215.00	-	85,215.00
Total Certified Budget			434,881.00	884,433.00
Adjustments for Qualifying				
Budget Credits			745,000.00	(745,000.00)
Total Expenditures	1,269,424.82	1,319,314.00	$ 1,179,881.00	$ 139,433.00
Receipts Over(Under) Expenditures	(80,250.71)	(73,878.46)		
Unencumbered Cash, Beginning	338,155.39	257,904.68		
Unencumbered Cash, Ending	$ 257,904.68	$ 184,026.22		

CITY OF CANEY, 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				
Intergovernmental				
Federal Grants	$ -	$ 7,500.00	$ -	$ 7,500.00
Charges for Services				
Water Charges	698,864.35	715,375.14	789,669.00	(74,293.86)
Connection Fee	7,504.54	9,975.00	-	9,975.00
Bulk Water	5,517.50	320.40	-	320.40
Other Receipts				
Miscellaneous	73.36	2,481.88	-	2,481.88
Total Receipts	711,959.75	735,652.42	$ 789,669.00	$ (54,016.58)
Expenditures				
Administration, Production, and Distribution				
Personal Services	226,986.02	184,883.72	$ 233,000.00	$ (48,116.28)
Contractual Services	266,513.29	236,308.29	170,100.00	66,208.29
Commodities	147,569.57	118,217.94	159,000.00	(40,782.06)
Capital Outlay	10,621.56	-	20,000.00	(20,000.00)
Operating Transfers to:				
Employee Benefits Fund	165,000.00	200,000.00	200,000.00	-
Grocery Store Utility Fund	25,000.00	-	-	-
Total Expenditures	841,690.44	739,409.95	$ 782,100.00	$ (42,690.05)
Receipts Over(Under) Expenditures	(129,730.69)	(3,757.53)		
Unencumbered Cash, Beginning	147,864.36	18,133.67		
Unencumbered Cash, Ending	$ 18,133.67	$ 14,376.14		

CITY OF CANEY, 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				
Wastewater Charges	$ 532,506.57	$ 522,042.48	$ 580,000.00	$ (57,957.52)
Total Receipts	532,506.57	522,042.48	$ 580,000.00	$ (57,957.52)
Expenditures				
Collection and Treatment				
Personal Services	138,772.88	218,343.01	$ 167,000.00	$ 51,343.01
Contractual Services	88,014.18	109,926.90	161,154.00	(51,227.10)
Commodities	1,940.37	1,463.39	8,200.00	(6,736.61)
Capital Outlay	26,349.07	-	22,000.00	(22,000.00)
Debt Service				
Finance Lease	4,620.68	-	5,820.00	(5,820.00)
Operating Transfers to:				
General Obligation Bond and Interest Fund	220,000.00	220,000.00	220,000.00	-
Grocery Store Utility Fund	-	94,530.63	-	94,530.63
Total Expenditures	479,697.18	644,263.93	$ 584,174.00	$ 60,089.93
Receipts Over(Under) Expenditures	52,809.39	(122,221.45)		
Unencumbered Cash, Beginning	170,614.77	223,424.16		
Unencumbered Cash, Ending	$ 223,424.16	$ 101,202.71		

CITY OF CANEY, KANSAS
SEWER TREATMENT REPLACEMENT 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		
Charges for Services		
Wastewater Charges	$ 7,509.93	$ 7,415.62
Total Receipts	7,509.93	7,415.62
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	7,509.93	7,415.62
Unencumbered Cash, Beginning	39,791.43	47,301.36
Unencumbered Cash, Ending	$ 47,301.36	$ 54,716.98

CITY OF CANEY, KANSAS
SOLID WASTE 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				
Collections	$ 239,365.00	$ 250,306.74	$ 295,000.00	$ (44,693.26)
Total Receipts	239,365.00	250,306.74	$ 295,000.00	$ (44,693.26)
Expenditures				
Collections				
Personal Services	14,474.41	8,703.03	$ 35,000.00	$ (26,296.97)
Contractual Services	228,988.81	250,558.49	245,000.00	5,558.49
Commodities	746.12	193.27	5,000.00	(4,806.73)
Operating Transfer to				
Grocery Store Utility Fund	-	75,000.00	-	75,000.00
Total Expenditures	244,209.34	334,454.79	$ 285,000.00	$ 49,454.79
Receipts Over(Under) Expenditures	(4,844.34)	(84,148.05)		
Unencumbered Cash, Beginning	100,855.56	96,011.22		
Unencumbered Cash, Ending	$ 96,011.22	$ 11,863.17		

CITY OF CANEY, KANSAS
GROCERY STORE 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				
Retail Sales	$ 1,122,288.34	$ 810,777.39	$ 1,455,038.00	$ (644,260.61)
Other Receipts				
Miscellaneous	477.14	-	-	-
Operating Transfers from:				
Water Utility Fund	25,000.00	-	-	-
Sewer Utility Fund	-	94,530.63	-	94,530.63
Solid Waste Utility Fund	-	75,000.00	-	75,000.00
Total Receipts	1,147,765.48	980,308.02	$ 1,455,038.00	$ (474,729.98)
Expenditures				
General Government				
Personal Services	147,392.28	176,133.41	$ 200,000.00	$ (23,866.59)
Contractual Services	95,316.20	110,258.02	190,000.00	(79,741.98)
Commodities	909,602.49	695,563.63	1,060,038.00	(364,474.37)
Total Expenditures	1,152,310.97	981,955.06	$ 1,450,038.00	$ (468,082.94)
Receipts Over(Under) Expenditures	(4,545.49)	(1,647.04)		
Unencumbered Cash, Beginning	6,192.53	1,647.04		
Unencumbered Cash, Ending	$ 1,647.04	$ -		

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

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Special Law Enforcement	$ 2,138.24	$ -	$ -	$ 2,138.24
Land Bank	12,500.00	-	-	12,500.00
	$ 14,638.24	$ -	$ -	$ 14,638.24

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of Caney, Kansas

In planning and performing our audit of the financial statement of the City of Caney, 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 the City of Caney, 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 the City of Caney, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caney, 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 entity'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

Accounting standards require that City management be responsible for the financial statements and have enough understanding to recognize if something is incorrect or missing. This includes being able to tell if information in the statements or footnotes is misstated or if a required disclosure has been left out. At this time, City staff do not have the training or experience needed to prepare the full financial statements and related footnotes without outside help. Because of this, there is a risk that errors or missing information in the financial statements could go unnoticed. This situation is considered a material weakness in internal control over financial reporting.

While this is common for smaller cities, it's important for management and the City Council to be aware of the situation and continue to review and understand the City's financial reports. The City should also stay informed about any changes to financial reporting requirements.

Segregation of Duties

An effective internal control structure consists of the policies and procedures established to ensure the City's financial transactions are properly recorded, processed, summarized, and reported in the financial statements. A weakness in this structure exists when one individual is responsible for multiple accounting functions, such as billing, receipting cash, making deposits, reconciling bank accounts, and maintaining access to all financial records. Due to the City's limited staff size, an adequate segregation of duties is not always feasible. This lack of segregation increases the risk that errors or irregularities could occur and not be detected in a timely manner. We recommend the City Council remain diligent in its oversight of financial activities by thoroughly reviewing financial reports, reconciliations, and supporting documentation provided by staff. Where possible, key review functions should be assigned to someone independent of daily processing duties to strengthen internal controls.

General Ledger Reconciliations and Review

During our audit, we noted that the City's year-end general ledger reconciliation and review process continues to require improvement. Certain asset and liability accounts required additional analysis during the audit, and audit procedures identified transactions that were not properly classified or were not recorded in the appropriate period or account. As a result, audit adjustments were necessary to properly present the City's regulatory basis financial statement. Accurate and timely reconciliation of general ledger accounts is an important internal control because it helps ensure that financial activity is properly recorded, summarized, and reported throughout the year.

We recommend that the City continue to strengthen its month-end and year-end closing procedures by assigning responsibility for the preparation and independent review of all significant general ledger reconciliations, including cash, investments, payables, debt, payroll-related liabilities, and interfund activity. Reconciliations should be prepared timely, reviewed by an individual with sufficient knowledge of the City's accounting system, and any reconciling items or needed corrections should be resolved and posted before the financial statement is prepared. We also recommend continued training for staff responsible for general ledger maintenance, account reconciliation, and use of the City's accounting software.

Calculation of Utility Bills

During our audit, we noted that sewer charges were not adjusted annually based on the ordinances in effect.

We recommend the City annually adjust the sewer rates based on Ordinance No. 2023-03 . Once they have been adjusted all accounts should be verified to ensure the changes have been properly implemented.

Publication of Financial Statements

K.S.A. 12-1608 requires that second-class cities publish their quarterly financial statements within 30 days after the end of each quarter (March, June, September, and December). The City did not publish its quarterly financial statements within the 30-day timeframe required by statute. We recommend the City implement procedures to ensure quarterly financial statements are prepared and published in a timely manner, in compliance with K.S.A. 12-1608. This may include establishing a calendar of reporting deadlines, assigning responsibility for publication, and reviewing compliance each quarter.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
August 20, 2026