CITY OF LIBERAL, KANSAS
Liberal, Kansas

FINANCIAL STATEMENTS
For the year ended December 31, 2025

CITY OF LIBERAL, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2025

TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION	
Independent Auditor's Report	1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	5
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	7
Notes to the Financial Statements	10
REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	
Summary of Expenditures – Actual and Budget – Regulatory Basis	28
Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis	
Schedule 2-1: General Fund	30
Schedule 2-2: Special Fire Equipment Fund	33
Schedule 2-3: Communications Center Fund	34
Schedule 2-4: Special Parks and Recreation Fund	35
Schedule 2-5: Special Alcoholic Treatment Fund	36
Schedule 2-6: Library Fund	37
Schedule 2-7: Convention and Tourism Fund	38
Schedule 2-8: Special Highway Fund	39
Schedule 2-9: Enterprise Fleet Management Fund	40
Schedule 2-10: Economic Incentives Fund	41
Schedule 2-11: Educational Sales Tax Fund	42
Schedule 2-12: Street Drainage and Other Capital Improvements Fund	43
Schedule 2-13: Special Economic Development Fund	44
Schedule 2-14: Special Crime Prevention Fund	45
Schedule 2-15: Special Housing Fund	46

CITY OF LIBERAL, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2025

TABLE OF CONTENTS
(Continued)

	Page Number
REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis (Cont.)	
Schedule 2-16: Special Beautification Fund	47
Schedule 2-17: Bond and Interest Fund	48
Schedule 2-18: Airport Utility District Fund	49
Schedule 2-19: Air Museum Fund	50
Schedule 2-20: Solid Waste Utility Fund	51
Schedule 2-21: Wastewater Utility Fund	52
Schedule 2-22: Water Utility Fund	53
Schedule of Receipts and Expenditures – Regulatory Basis	
Schedule 2-23: Water Bond and Interest Fund	55
Schedule 2-24: Equipment Reserve Fund	56
Schedule 2-25: Gifts and Donations Fund	57
Schedule 2-26: Snow Removal Reserve Fund	58
Schedule 2-27: Diversion Program Fund	59
Schedule 2-28: Communications Reserve Fund	60
Schedule 2-29: Improvement Projects Fund	61
Schedule 2-30: Airport Land Sale Fund	62
Schedule 2-31: Airport Improvement Fund	63
Schedule 2-32: Solid Waste Equipment Reserve Fund	64
Schedule 2-33: Wastewater Equipment Reserve Fund	65
Schedule 2-34: Water Equipment Reserve Fund	66
Schedule 2-35: Cemetery Perpetual Fund	67
Schedule 2-36: Fire Insurance Proceeds Fund	68
Schedule 2-37: Edward Byrne Memorial Fund	69
Schedule 2-38: BJA Drug Court Grant Fund	70
Schedule 2-39: Police Step Grant Fund	71
Schedule 2-40: ARPA Fund	72
Schedule 3	
Agency Funds – Summary of Receipts and Disbursements – Regulatory Basis	73

CITY OF LIBERAL, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2025

TABLE OF CONTENTS
(Continued)

	Page Number
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	75
Schedule 4	
Schedule of Expenditures of Federal Awards	78
Notes to Schedule of Expenditures of Federal Awards	79
Schedule 5	
Schedule of Findings and Questioned Costs	80

CITY OF LIBERAL, KANSAS

FINANCIAL SECTION

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Liberal, 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 Liberal, 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 Liberal, 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 Liberal, 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), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Liberal, Kansas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 4 as listed in the table of contents), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Liberal, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated July 22, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the City of Liberal, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Liberal, Kansas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Liberal, Kansas' internal control over financial reporting and compliance.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

June 30, 2026

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

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

To the City Commission
City of Liberal, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Liberal, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statement, which comprise the City of Liberal, Kansas' basic financial statement, and have issued our report thereon dated June 30, 2026, which was qualified because the City of Liberal, Kansas prepares its financial statement to meet the requirements of the State of 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.

Report on Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

June 30, 2026

CITY OF LIBERAL, KANSAS

Statement 1

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances & Accounts Payable	Ending Cash Balance
General Fund	$ 1,337,251	$20,042,104	$20,614,598	$ 764,757	$ 288,795	$ 1,053,552
Special Purpose Funds:						
Special Fire Equipment	83,359	174,679	139,898	118,140	-	118,140
Communications Center	150,650	1,218,898	1,151,162	218,386	10,232	228,618
Special Parks and Recreation	25,982	59,703	69,000	16,685	-	16,685
Special Alcoholic Treatment	198,591	59,704	52,527	205,768	-	205,768
Library	-	682,621	682,621	-	-	-
Convention and Tourism	351,725	517,328	551,607	317,446	4,313	321,759
Special Highway	917,242	768,659	756,757	929,144	3,060	932,204
Enterprise Fleet Management	-	805,088	805,088	-	-	-
Economic Incentives	154,814	1,026,012	1,150,662	30,164	-	30,164
Educational Sales Tax	162,297	2,605,383	2,564,679	203,001	-	203,001
Street Drainage and Other Capital Improvements	6,829,759	3,182,654	3,285,556	6,726,857	12,804	6,739,661
Special Economic Development	1,300,905	1,534,498	2,109,511	725,892	129,763	855,655
Special Crime Prevention	932,246	260,099	346,201	846,144	14,581	860,725
Special Housing	1,129,760	843,110	1,054,312	918,558	116,526	1,035,084
Special Beautification	752,185	266,359	348,122	670,422	14,688	685,110
Air Museum	312,099	533,887	484,914	361,072	7,559	368,631
Equipment Reserve	401,182	-	2,042	399,140	-	399,140
Gifts and Donations	687,759	221,648	324,704	584,703	49	584,752
Snow Removal Reserve	240,885	-	-	240,885	-	240,885
Diversion Program	222,760	70,350	-	293,110	-	293,110
Communications Reserve	29,078	615	-	29,693	-	29,693
Cemetery Perpetual	41,357	4,825	-	46,182	-	46,182
Fire Insurance Proceeds	22,102	41	20,192	1,951	-	1,951
Edward Byrne Memorial	1,699	-	-	1,699	-	1,699

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

CITY OF LIBERAL, KANSAS

Statement 1
(Continued)

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances & Accounts Payable	Ending Cash Balance
Special Purpose Funds (Continued):						
BJA Drug Court Grant	(51,994)	206,327	234,222	(79,889)	14,621	(65,268)
Police Step Grant	-	9,307	9,307	-	-	-
Debt Service Funds:						
Bond and Interest	2,881,898	400,748	879,229	2,403,417	-	2,403,417
Water Rev Bond and Interest	166,010	-	-	166,010	-	166,010
Capital Projects Funds:						
Improvement Projects	(2,195,566)	6,756,262	6,914,169	(2,353,473)	-	(2,353,473)
Business Funds – Enterprise Type Funds:						
Airport:						
Airport Utility	484,921	807,665	684,993	607,593	10,487	618,080
Airport Land Sale	268,027	64,452	67,500	264,979	-	264,979
Airport Improvement	152,233	668,224	584,908	235,549	30,559	266,108
Solid Waste System:						
Solid Waste Utility	59,036	2,669,298	2,478,667	249,667	31,072	280,739
Solid Waste Equipment Reserve	623,452	-	-	623,452	-	623,452
Wastewater System:						
Wastewater Utility	1,136,948	5,308,433	5,412,681	1,032,700	29,333	1,062,033
Wastewater Equipment Reserve	260,993	-	-	260,993	-	260,993
Water System:						
Water Utility	6,015,054	6,258,770	7,391,867	4,881,957	92,826	4,974,783
Water Equipment Reserve	2,382,541	2,580	111,431	2,273,690	-	2,273,690
Total Reporting Entity (Excluding Agency Funds)	$28,469,240	$58,030,331	$61,283,127	$25,216,444	$ 811,268	$26,027,712

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

CITY OF LIBERAL, KANSAS

Statement 1
(Continued)

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

Ending Cash Balance		$26,027,712
Composition of Cash:		
Cash on hand	$ 34,260	
Deposits in Local Depositories:		
Bank Accounts:		
Sunflower Bank:		
Operating account	3,943,227	
Sweep account	8,466,214	
Health insurance account	193,715	
Municipal court account	9,450	
Community Bank:		
Economic development account	368,416	
City treasurer account	10,320	
Evidence account	29,919	
State Investment Pool	9,805,603	
State Agency Fund	106	
Certificates of Deposit:		
Bank of the Plains	3,465,146	
Total Cash		$26,326,376
Agency Funds per Schedule 3		(298,664)
Total Reporting Entity (Excluding Agency Funds)		$26,027,712

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

CITY OF LIBERAL, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

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

Related Municipal Entities not Presented

Housing Authority – An appointed City board operates the City's housing projects. The authority can sue and be sued, and can buy, sell or lease real property. Bond issuances must be approved by the City. The authority has a year end of September 30. Copies of the financial statements may be obtained from the Housing Authority located at Parklane Towers, 1401 N. New York Ave., Liberal, Kansas.

Library Board – An appointed City board operates the municipal library. The City Commissioners must approve acquisition or disposition of real property. Bond issuances must also be approved by the City's governing body. Copies of the financial statements may be obtained from the Library located at 519 N. Kansas, Liberal, Kansas.

Fund Descriptions

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

Regulatory Basis Fund Types

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

Governmental Funds:

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

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued):

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

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

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

Business Funds:

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

Fiduciary Funds:

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

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies

Cash and Time Deposits

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

In accordance with K.S.A. 9-1402 and K.S.A. 12-1675, the City of Liberal, Kansas, deposited and/or invested all funds with the Community Bank, Sunflower Bank, Bank of the Plains, Equity Bank, and the state investment pool.

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

Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund.

Temporary Notes

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

Vouchers Payable

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

Note 1: Summary of Significant Accounting Policies (Continued)

Encumbrances

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

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balance

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

Budgetary Information

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

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

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

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

Equipment Reserve Fund
Gifts and Donations Fund
Snow Removal Reserve Fund
Diversion Program Fund
Communications Reserve Fund
Cemetery Perpetual Fund
Fire Insurance Proceeds Fund
Edward Byrne Memorial Fund
BJA Drug Court Grant Fund
Police Step Grant Fund
ARPA Fund

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

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

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

Note 2: Stewardship, Compliance and Accountability

Compliance with Kansas Statutes

No statutory violations were noted during the audit.

Fund Balances – Designated for Subsequent Year's Budget

Actual cash carryover was not sufficient for the following funds:

	2025 Unencumbered Cash Balance	2026 Budgeted Unencumbered Cash Carryover
General	$763,953	$3,759,339
Solid Waste Utility	249,667	379,100
Economic Incentives	30,164	259,496

Note 3: Deposits and Investments

As of December 31, 2025, the City of Liberal had the following investments and maturities:

Investment Type	Cost	Investment Maturities (in Years) Less than 1	1-2	Rating U.S.
Kansas Municipal Investment Pool:				
General Government	$9,629,703	$9,629,703	-	N/A
Health Insurance Reserve	175,899	175,899	-	N/A
Total Cost	$9,805,602	$9,805,602	-	

K.S.A. 9-1401 establishes the depositories which may be used by the City of Liberal. The statute requires banks eligible to hold the City of Liberal's funds have a main or branch bank in the county in which the City of Liberal is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Liberal has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk – State statutes place no limit on the amount the City of Liberal may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City of Liberal's allocation of investments as of December 31, 2025, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100.00%

Note 3: Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City of Liberal's deposits may not be returned to it. State statutes require the City of Liberal's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City of Liberal's carrying amount of deposits was $26,237,054 and the bank balance was $27,068,880. Of the bank balance, $12,461,767 was covered by federal depository insurance and $14,607,113 was collateralized with securities held by the pledging financial institution's agents in the City of Liberal's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Liberal will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2025, the City of Liberal had invested $9,805,603 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Note 4: Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
Waterline Project	$5,568,000	$3,447,772
Willowtree Pro Shop Remodel	100,000	59,897
City Bus Transit Facility	1,090,707	117,563
Air Products Road	1,200,000	3,000
Gerald Edwards Housing Addition	1,575,000	84,998
Park Lighting Upgrade	400,000	339,803
Cemetery Expansion	100,000	8,785

Note 5: Interfund Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Bond and Interest	KSA 79-2934	$ 114,392
	Communications Center	KSA 12-1106	816,540
	Enterprise Fleet Management	KSA 12-1,117	448,432
Street Drainage and Other Capital Improvements	General Fund	KSA 12-6a16	175,000
	Bond and Interest	KSA 12-6a16	226,887
	Improvement Projects	KSA 12-6a16	2,536,002
Economic Development	Air Utility	KSA 79-2934	190,428
	Improvement Projects	KSA 12-6a16	117,563
Crime/Drug Prevention	Improvement Projects	KSA 12-6a16	68,996
Housing and Community Development	Improvement Projects	KSA 12-6a16	91,496
	General Fund	KSA 12-6a16	100,000
Beautification	Improvement Projects	KSA 12-6a16	17,461
	Enterprise Fleet Management	KSA 12-1,117	7,344

Note 5: Interfund Transfers (Continued)

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Improvement Projects	Street Drainage and Other Capital Improvements	KSA 12-6a16	63,865
	Crime/Drug Prevention	KSA 12-6a16	340
	Water Equipment Reserve	KSA 12-1,117	2,580
Airport Utility	Enterprise Fleet Management	KSA 12-1,117	19,942
Refuse Utility	Enterprise Fleet Management	KSA 12-1,117	21,244
Wastewater Utility	Enterprise Fleet Management	KSA 12-1,117	36,343
Water Utility	Improvement Projects	KSA 12-6a16	650,000
	Enterprise Fleet Management	KSA 12-1,117	135,550
	General Fund	KSA 12-825d	1,100,000

Note 6: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The City of Liberal, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. 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

Note 6: Defined Benefit Pension Plan (Continued)

Contributions (Continued)

employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City of Liberal were $933,629 for KPERS and $1,101,048 for KP&F for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City of Liberal's proportionate share of the collective net pension liability reported by KPERS was $7,541,760 and $8,536,434 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City of Liberal's proportion of the net pension liability was based on the ratio of the City of Liberal's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 7: Other Long-Term Obligations from Operations

Compensated Absences

Vacations

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

a. All employees shall be allowed two weeks paid vacation, or ten working days, after completing one complete year's service with the City.
b. Three weeks, or 15 days, paid vacation shall be allowed to each employee completing 10 full years of service with the City.
c. Four weeks, or 20 days, paid vacation shall be allowed after completing 20 years of service with the City.
d. All City employees entitled to vacations as provided in (a), (b), or (c) of this section shall be required to take their vacations within the calendar year. No employee shall be paid additionally for working during his/her vacation time.

Sick Leave

a. Each full-time employee shall be allowed 2.77 hours sick leave for every pay period of continuous employment. Such sick leave shall be accumulative from year to year to a maximum of 480 hours.

Other Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City of Liberal, Kansas makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Note 7: Other Long-Term Obligations from Operations (Continued)

Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

Note 8: Risk Management

The City of Liberal, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance.

The City of Liberal, Kansas has established a health benefit plan for active full time employees who are working full normal work-weeks (not less than 30 hours) and are receiving full compensation. The City participates in a fully-insured benefit plan where claims are administered and processed through Blue Cross/Blue Shield of Kansas. The benefit year is a period of 12 months starting on January 1 and ending December 31.

Note 9: Contingencies

Federal Assistance

The City of Liberal, Kansas participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2025.

It is possible that the City of Liberal's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the City expects such amounts, if any, to be immaterial.

Environmental Issues

Environmental issues pertaining to the City of Liberal are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

Note 10: Conduit Debt Obligations

From time to time, the City of Liberal has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

As of December 31, 2025, there were a series of four Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $79,011,853.

Note 11: Airport Leases

The City of Liberal, Kansas leases space at the municipal airport to individuals and businesses. The lease contracts are for one year terms. The revenue is reported in the Airport Utility Fund.

Note 12: Litigation

The City of Liberal, Kansas is a party to various claims, none of which is expected to have a material financial impact on the financial statement.

Note 13: Subsequent Events

The City of Liberal's management has evaluated events and transactions through June 30, 2026, the date which the financial statement was available to be issued.

Note 14: Long-Term Debt

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
2018	2.00%-3.5%	08/29/18	$ 1,400,000	12/01/33	$ 910,000	-	$ 90,000	$ 820,000	$ 29,410
2020 A & B	3.00%	01/28/20	830,000	12/01/26	155,000	-	145,000	10,000	4,650
2020 C & D	.24-1.00%	12/29/20	1,880,000	08/01/30	585,000	-	235,000	350,000	3,350
2021 A	1.00-1.15%	05/18/21	1,150,000	10/01/31	820,000	-	115,000	705,000	8,620
2021 B	1.00-2.00%	05/18/21	3,620,000	02/01/39	3,105,000	-	190,000	2,915,000	52,502
Total GO Bonds					$ 5,575,000	-	$ 775,000	$ 4,800,000	$ 98,532
General Obligation Temporary Notes:									
2024	3.10%	10/03/24	3,280,000	10/01/27	$ 3,280,000	-	-	$ 3,280,000	$101,115
Revolving Fund Loans:									
KDHE – Bureau of Water:									
Loan draw	2.20%	02/02/15	4,274,042	09/01/36	$ 2,711,040	$ -	$ 199,753	$ 2,511,287	$ 58,550
Loan draw	2.11%	04/22/15	38,028,590	09/01/37	31,635,901	-	2,155,977	29,479,924	656,991
Loan draw	1.45%	12/16/24	4,068,038	08/01/45	-	2,130,089	-	2,130,089	5,697
Total Revolving Fund Loans					$34,346,941	$2,130,089	$2,355,730	$34,121,300	$721,238
Finance Leases:									
Commerce Bank – Fire pumper truck	2.29%	04/30/15	279,271	04/30/25	$ 15,525	-	$ 15,525	$ -	$ 178
Street sweeper	2.72%	09/08/16	211,500	09/05/26	46,990	-	23,178	23,812	1,122
Fire equipment	3.76%	05/03/22	272,310	05/03/29	201,553	-	37,388	164,165	7,586
Radio communications equipment	2.77%	12/01/19	585,973	01/01/25	120,351	-	120,351	-	3,334
Rosenbauer pumper truck	5.82%	05/01/24	361,958	07/01/28	283,922	-	65,072	218,850	16,536
Total Finance Leases					$ 668,341	-	$ 261,514	$ 406,827	$ 28,756
Total Contractual Indebtedness					$43,870,282	$2,130,089	$3,392,244	$42,608,127	$949,641

Note 14: Long-Term Debt (Continued)

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

	2026	2027	2028	2029	2030	2031-2035	2036-2039	Total
Principal:								
General obligation bonds	$ 480,000	$ 385,000	$ 580,000	$ 495,000	$ 385,000	$ 1,660,000	$ 815,000	$ 4,800,000
General obligation temporary notes	-	3,280,000	-	-	-	-	-	3,280,000
Revolving fund loans	2,587,913	2,641,823	2,696,864	2,753,059	2,810,433	14,955,807	5,675,401	34,121,300
Finance leases	131,470	113,128	118,887	43,342	-	-	-	406,827
Total principal	$3,199,383	$6,419,951	$3,395,751	$3,291,401	$3,195,433	$16,615,807	$6,490,401	$42,608,127
Interest:								
General obligation bonds	$ 88,613	$ 78,017	$ 73,413	$ 61,365	$ 53,072	$ 147,510	$ 41,050	$ 543,040
General obligation temporary notes	101,680	101,680	-	-	-	-	-	203,360
Revolving fund loans	729,628	675,718	620,677	564,482	507,108	1,631,894	180,575	4,910,082
Finance leases	20,224	13,941	8,195	1,632	-	-	-	43,992
Total interest	$ 940,145	$ 869,356	$ 702,285	$ 627,479	$ 560,180	$ 1,779,404	$ 221,625	$ 5,700,474
Total Principal and Interest	$4,139,528	$7,289,307	$4,098,036	$3,918,880	$3,755,613	$18,395,211	$6,712,026	$48,308,601

CITY OF LIBERAL, KANSAS

REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIBERAL, KANSAS

Schedule 1

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

Funds	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$22,075,365	$20,614,598	$ (1,460,767)
Special Purpose Funds:			
Special Fire Equipment	171,500	139,898	(31,602)
Communications Center	1,517,900	1,151,162	(366,738)
Special Parks and Recreation	69,000	69,000	-
Special Alcoholic Treatment	70,000	52,527	(17,473)
Library	691,200	682,621	(8,579)
Convention and Tourism	615,350	551,607	(63,743)
Special Highway	791,600	756,757	(34,843)
Enterprise Fleet Management	838,900	805,088	(33,812)
Economic Incentives	1,990,000	1,150,662	(839,338)
Educational Sales Tax	2,700,000	2,564,679	(135,321)
Street Drainage and Other Capital Improvements	4,755,600	3,285,556	(1,470,044)
Special Economic Development	2,777,290	2,109,511	(667,779)
Special Crime Prevention	415,900	346,201	(69,699)
Special Housing	1,876,100	1,054,312	(821,788)
Special Beautification	390,500	348,122	(42,378)
Air Museum	766,200	484,914	(281,286)
Debt Service Fund:			
Bond and Interest	1,108,900	879,229	(229,671)
Business Funds:			
Enterprise Funds:			
Airport:			
Airport Utility	739,900	684,993	(54,907)
Solid Waste System:			
Solid Waste Utility	3,190,200	2,478,667	(711,533)
Wastewater System:			
Wastewater Utility	6,701,200	5,412,681	(1,288,519)
Water System:			
Water Utility	7,636,600	7,391,867	(244,733)

CITY OF LIBERAL, KANSAS

Schedule 2

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

CITY OF LIBERAL, KANSAS

Schedule 2-1

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem property tax	$ 6,070,095	$ 6,179,527	$ (109,432)	$ 5,784,322
Delinquent tax	219,392	-	219,392	134,521
Franchise tax	1,998,648	2,037,500	(38,852)	1,913,414
Motor vehicle tax	807,036	752,752	54,284	839,009
Commercial vehicle tax	48,257	28,026	20,231	52,033
Total taxes	$ 9,143,428	$ 8,997,805	$ 145,623	$ 8,723,299
Intergovernmental:				
Local sales tax	$ 3,617,877	$ 3,500,000	$ 117,877	$ 3,531,768
Private club liquor tax	59,703	66,200	(6,497)	56,003
Highway connecting links	55,367	62,000	(6,633)	64,404
Administrative fees	2,423,200	2,423,200	-	2,420,700
Total intergovernmental	$ 6,156,147	$ 6,051,400	$ 104,747	$ 6,072,875
Licenses, Permits, and Fees:				
Building permits	$ 81,542	$ -	$ 81,542	$ 86,776
Occupational licenses	28,273	-	28,273	28,958
Other licenses and fees	65,760	60,000	5,760	36,790
Vehicle inspections	24,840	-	24,840	27,515
Total licenses, permits, and fees	$ 200,415	$ 60,000	$ 140,415	$ 180,039
Charges for Services:				
Cemetery	$ 44,785	$ 52,000	$ (7,215)	$ 59,325
Park fees, concessions	47,873	56,900	(9,027)	43,960
Swimming pool, concessions	148,478	155,000	(6,522)	162,820
Recreation	209,114	631,600	(422,486)	240,009
Arkalon Park revenues	18,856	134,600	(115,744)	21,518
Golf course fees and other	475,957	446,500	29,457	460,765
Police	3,752	40,000	(36,248)	5,505
Animal shelter	97,609	50,100	47,509	76,093
Building Inspection Department:				
Mowing and demolition	154,890	245,000	(90,110)	119,342
Zoning and planning fees	1,675	-	1,675	1,925
Total charges for services	$ 1,202,989	$ 1,811,700	$ (608,711)	$ 1,191,262

CITY OF LIBERAL, KANSAS

Schedule 2-1
(Continued)

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts (Continued)				
Fines and Fees:				
Municipal Court	$ 707,633	$ 678,700	$ 28,933	$ 641,097
Use of Money and Property:				
Interest	$ 759,943	$ 150,000	$ 609,943	$ 493,223
Royalties and leases	219,686	84,500	135,186	101,028
Raw water sales	70,623	-	70,623	103,377
Total use of money and property	$ 1,050,252	$ 234,500	$ 815,752	$ 697,628
Miscellaneous:				
Other	$ 206,240	$ 101,000	$ 105,240	$ 86,746
Contributions	-	-	-	20
Operating Transfers:				
Street Drainage and Other Capital Improvements	175,000	175,000	-	175,000
Special Housing	100,000	100,000	-	-
Water Utility	1,100,000	-	1,100,000	-
Equipment Reserve	-	-	-	450,000
Total miscellaneous	$ 1,581,240	$ 376,000	$1,205,240	$ 711,766
Total Receipts	$20,042,104	$18,210,105	$1,831,999	$18,217,966
Expenditures				
General Government:				
Administration	$ 2,774,142	$ 3,053,915	$ (279,773)	$ 2,629,698
Planning commission	584	-	584	3,933
Building inspection	660,507	734,200	(73,693)	643,390
Legislative	107,812	126,900	(19,088)	102,176
Building maintenance	329,005	340,100	(11,095)	321,549
Utility billing	17,845	-	17,845	89,453
Total general government	$ 3,889,895	$ 4,255,115	$ (365,220)	$ 3,790,199

CITY OF LIBERAL, KANSAS

Schedule 2-1
(Continued)

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Expenditures (Continued)				
Public Safety:				
Police	$ 6,023,555	$ 6,145,300	$ (121,745)	$ 5,534,914
Fire	2,793,352	2,897,000	(103,648)	2,709,990
Municipal court	1,111,656	1,210,400	(98,744)	1,080,889
Animal control	592,256	630,900	(38,644)	542,534
Total public safety	$10,520,819	$10,883,600	$ (362,781)	$ 9,868,327
Public Works:				
Transportation	$ 1,161,808	$ 1,498,150	$ (336,342)	$ 1,303,847
Engineering	650	-	650	1,681
Recreation	882,350	960,250	(77,900)	652,328
Arkalon	131,797	302,000	(170,203)	157,555
Street lighting	314,747	365,000	(50,253)	343,815
Total public works	$ 2,491,352	$ 3,125,400	$ (634,048)	$ 2,459,226
Community Service:				
Golf course	$ 1,083,237	$ 1,156,950	$ (73,713)	$ 931,244
Parks	906,592	947,300	(40,708)	900,962
Swimming pool	183,091	229,600	(46,509)	249,243
Cemetery	160,248	173,200	(12,952)	179,849
Total community service	$ 2,333,168	$ 2,507,050	$ (173,882)	$ 2,261,298
Operating Transfers:				
Communications Center	$ 816,540	$ 817,000	$ (460)	$ 776,960
Bond and Interest	114,392	100,000	14,392	113,781
Enterprise Fleet	448,432	387,200	61,232	-
Total operating transfers	$ 1,379,364	$ 1,304,200	$ 75,164	$ 890,741
Total Expenditures	$20,614,598	$22,075,365	$ (1,460,767)	$19,269,791
Receipts Over (Under) Expenditures	$ (572,494)			$ (1,051,825)
Unencumbered Cash, Beginning	1,337,251			2,389,076
Unencumbered Cash, Ending	$ 764,757			$ 1,337,251

CITY OF LIBERAL, KANSAS

Schedule 2-2

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem property tax	$152,566	$154,798	$ (2,232)	$124,886
Delinquent tax	3,846	-	3,846	1,184
Motor vehicle tax	17,235	16,102	1,133	5,688
Commercial vehicle tax	1,032	600	432	353
Total Receipts	$174,679	$171,500	$ 3,179	$132,111
Expenditures				
Public Safety:				
Capital outlay	139,898	$171,500	$ (31,602)	224,982
Receipts Over (Under) Expenditures	$ 34,781			$ (92,871)
Unencumbered Cash, Beginning	83,359			176,230
Unencumbered Cash, Ending	$118,140			$ 83,359

CITY OF LIBERAL, KANSAS

Schedule 2-3

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Seward County	$ 396,554	$ 544,360	$ (147,806)	$ 377,540
Use of Money and Property:				
Interest	5,804	7,000	(1,196)	5,462
Operating Transfers:				
General	816,540	816,540	-	776,960
Total Receipts	$1,218,898	$1,367,900	$ (149,002)	$1,159,962
Expenditures				
Public Safety:				
Personal services	$ 970,250	$1,100,600	$ (130,350)	$ 943,398
Contractual services	104,663	122,100	(17,437)	116,992
Commodities	76,249	114,200	(37,951)	93,540
Capital outlay	-	181,000	(181,000)	56,787
Total Expenditures	$1,151,162	$1,517,900	$ (366,738)	$1,210,717
Receipts Over (Under) Expenditures	$ 67,736			$ (50,755)
Unencumbered Cash, Beginning	150,650			201,405
Unencumbered Cash, Ending	$ 218,386			$ 150,650

CITY OF LIBERAL, KANSAS

Schedule 2-4

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Private club liquor tax	$ 59,703	$ 69,000	$ (9,297)	$ 56,003
Expenditures				
Public Works:				
Contractual services	$ 68,127	$ 69,000	$ (873)	$ 63,314
Commodities	873	-	873	5,686
Total Expenditures	$ 69,000	$ 69,000	-	$ 69,000
Receipts Over (Under) Expenditures	$ (9,297)			$ (12,997)
Unencumbered Cash, Beginning	25,982			38,979
Unencumbered Cash, Ending	$ 16,685			$ 25,982

CITY OF LIBERAL, KANSAS

Schedule 2-5

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Private club liquor tax	$ 59,704	$ 60,000	$ (296)	$ 56,003
Expenditures				
Contractual services	52,527	$ 70,000	$ (17,473)	50,606
Receipts Over (Under) Expenditures	$ 7,177			$ 5,397
Unencumbered Cash, Beginning	198,591			193,194
Unencumbered Cash, Ending	$205,768			$198,591

CITY OF LIBERAL, KANSAS

Schedule 2-6

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem property tax	$582,640	$598,475	$ (15,835)	$544,820
Delinquent tax	20,328	20,000	328	11,968
Motor vehicle tax	75,158	70,115	5,043	72,287
Commercial vehicle tax	4,495	2,610	1,885	4,483
Total Receipts	$682,621	$691,200	$ (8,579)	$633,558
Expenditures				
Appropriations	682,621	$691,200	$ (8,579)	633,558
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	-			-

CITY OF LIBERAL, KANSAS

Schedule 2-7

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local transient guest tax	$504,150	$500,000	$ 4,150	$507,104
Charges for sales and services	12,678	15,000	(2,322)	10,376
Other:				
Miscellaneous	500	-	500	-
Total Receipts	$517,328	$515,000	$ 2,328	$517,480
Expenditures				
Community Services:				
Personal services	$214,157	$223,400	$ (9,243)	$196,138
Contractual services	274,786	301,250	(26,464)	249,082
Commodities	8,309	10,700	(2,391)	3,443
Capital outlay	54,355	80,000	(25,645)	-
Total Expenditures	$551,607	$615,350	$ (63,743)	$448,663
Receipts Over (Under) Expenditures	$ (34,279)			$ 68,817
Unencumbered Cash, Beginning	351,725			282,908
Unencumbered Cash, Ending	$317,446			$351,725

CITY OF LIBERAL, KANSAS

Schedule 2-8

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Gasoline tax	$516,672	$518,810	$ (2,138)	$ 519,999
Other:				
Miscellaneous	251,987	200,000	51,987	246,859
Total Receipts	$768,659	$718,810	$ 49,849	$ 766,858
Expenditures				
Public Works:				
Personal services	$116,689	$156,400	$ (39,711)	$ 115,876
Contractual services	12,779	8,900	3,879	14,226
Commodities	627,289	626,300	989	765,067
Total Expenditures	$756,757	$791,600	$ (34,843)	$ 895,169
Receipts Over (Under) Expenditures	$ 11,902			$ (128,311)
Unencumbered Cash, Beginning	917,242			1,045,553
Unencumbered Cash, Ending	$929,144			$ 917,242

CITY OF LIBERAL, KANSAS

Schedule 2-9

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Other:				
Vehicle sales	$136,233	$249,500	$ (113,267)	-
Operating Transfers:				
General	448,432	387,200	61,232	-
Special Beautification	7,344	5,500	1,844	-
Airport	19,942	14,700	5,242	-
Solid Waste Utility	21,244	16,500	4,744	-
Wastewater Utility	36,343	50,700	(14,357)	-
Water Utility	135,550	114,800	20,750	-
Total Receipts	$805,088	$838,900	$ (33,812)	-
Expenditures				
Capital outlay	805,088	$838,900	$ (33,812)	-
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	-			-

CITY OF LIBERAL, KANSAS

Schedule 2-10

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Community Imp District (CID)	$ 528,323	$ 615,000	$ (86,677)	$ 589,754
Rural Housing Inc District (RHID)	137,477	155,000	(17,523)	132,609
Transient Guest Tax Rebate (TGT)	227,528	250,000	(22,472)	200,945
Tax Increment Financing District (TIFD)	132,684	450,000	(317,316)	252,885
Housing grant	-	520,000	(520,000)	260,000
Total Receipts	$1,026,012	$1,990,000	$ (963,988)	$1,436,193
Expenditures				
CID payments	$ 522,648	$ 615,000	$ (92,352)	$ 605,134
RHID payments	137,477	155,000	(17,523)	132,609
TGT rebate payments	227,528	250,000	(22,472)	200,944
TIF payments	133,009	450,000	(316,991)	253,773
Housing grant payments	130,000	520,000	(390,000)	130,000
Total Expenditures	$1,150,662	$1,990,000	$ (839,338)	$1,322,460
Receipts Over (Under) Expenditures	$ (124,650)			$ 113,733
Unencumbered Cash, Beginning	154,814			41,081
Unencumbered Cash, Ending	$ 30,164			$ 154,814

CITY OF LIBERAL, KANSAS

Schedule 2-11

EDUCATIONAL SALES TAX FUND
(1/2% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$2,605,383	$2,700,000	$ (94,617)	$2,551,290
Expenditures				
Appropriations	$2,564,679	$2,699,900	$ (135,221)	$2,605,377
Contractual services	-	100	(100)	-
Total Expenditures	$2,564,679	$2,700,000	$ (135,321)	$2,605,377
Receipts Over (Under) Expenditures	$ 40,704			$ (54,087)
Unencumbered Cash, Beginning	162,297			216,384
Unencumbered Cash, Ending	$ 203,001			$ 162,297

CITY OF LIBERAL, KANSAS

Schedule 2-12

STREET DRAINAGE AND OTHER CAPITAL IMPROVEMENTS FUND
(60% OF 1% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$3,118,789	$2,520,000	$ 598,789	$3,049,751
Use of Money and Property:				
Interest	-	-	-	43,485
Operating Transfers:				
Improvement projects	63,865	120,000	(56,135)	1,807,053
Total Receipts	$3,182,654	$2,640,000	$ 542,654	$4,900,289
Expenditures				
Contractual services	$ 30,215	$ 741,200	$ (710,985)	$ 48,366
Commodities	296,875	991,500	(694,625)	410,427
Capital outlay	20,577	21,000	(423)	75,708
Operating Transfers:				
General	175,000	175,000	-	175,000
Bond and Interest	226,887	226,900	(13)	228,089
Improvement Projects	2,536,002	2,600,000	(63,998)	1,413,371
Total Expenditures	$3,285,556	$4,755,600	$ (1,470,044)	$2,350,961
Receipts Over (Under) Expenditures	$ (102,902)			$2,549,328
Unencumbered Cash, Beginning	6,829,759			4,280,431
Unencumbered Cash, Ending	$6,726,857			$6,829,759

CITY OF LIBERAL, KANSAS

Schedule 2-13

SPECIAL ECONOMIC DEVELOPMENT FUND
(15% OF 1% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$ 779,277	$ 630,000	$ 149,277	$ 762,438
Charges for services	13,506	-	13,506	14,053
Grant proceeds	734,711	-	734,711	514,333
Other income	7,004	-	7,004	29
Use of Money and Property:				
Interest	-	50,000	(50,000)	33,382
Operating Transfers:				
Improvement projects	-	-	-	65,747
Total Receipts	$1,534,498	$ 680,000	$ 854,498	$1,389,982
Expenditures				
Personal services	$ 674,550	$ 869,900	$ (195,350)	$ 734,202
Contractual services	815,624	793,350	22,274	701,581
Commodities	123,917	203,940	(80,023)	109,705
Capital outlay	187,429	710,100	(522,671)	241,448
Operating Transfers:				
Airport Utility	190,428	200,000	(9,572)	190,428
Improvement projects	117,563	-	117,563	-
Total Expenditures	$2,109,511	$2,777,290	$ (667,779)	$1,977,364
Receipts Over (Under) Expenditures	$ (575,013)			$ (587,382)
Unencumbered Cash, Beginning	1,300,905			1,888,287
Unencumbered Cash, Ending	$ 725,892			$1,300,905

CITY OF LIBERAL, KANSAS

Schedule 2-14

SPECIAL CRIME PREVENTION FUND
(5% OF 1% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$259,759	$210,000	$ 49,759	$254,146
Use of Money and Property:				
Interest	-	20,000	(20,000)	15,755
Operating Transfers:				
Improvement projects	340	-	340	16,590
Total Receipts	$260,099	$230,000	$ 30,099	$286,491
Expenditures				
Personal services	$ -	$180,400	$ (180,400)	$ -
Contractual services	171,428	187,500	(16,072)	74,433
Commodities	14,467	48,000	(33,533)	38,913
Capital outlay	91,310	-	91,310	-
Operating Transfers:				
Improvement Projects	68,996	-	68,996	992
Total Expenditures	$346,201	$415,900	$ (69,699)	$114,338
Receipts Over (Under) Expenditures	$ (86,102)			$172,153
Unencumbered Cash, Beginning	932,246			760,093
Unencumbered Cash, Ending	$846,144			$932,246

CITY OF LIBERAL, KANSAS

Schedule 2-15

SPECIAL HOUSING FUND
(15% OF 1% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$ 779,607	$ 630,000	$ 149,607	$ 762,438
Other income	63,503	-	63,503	2,067
Use of Money and Property:				
Interest	-	45,000	(45,000)	32,054
Operating Transfers:				
Improvement projects	-	-	-	108,630
Total Receipts	$ 843,110	$ 675,000	$ 168,110	$ 905,189
Expenditures				
Personal services	$ 118,630	$ 121,400	$ (2,770)	$ 113,646
Contractual services	726,583	1,595,200	(868,617)	634,594
Commodities	1,485	59,500	(58,015)	2,155
Capital outlay	16,118	-	16,118	68,065
Operating Transfers:				
General	100,000	100,000	-	-
Improvement Projects	91,496	-	91,496	575,374
Total Expenditures	$1,054,312	$1,876,100	$ (821,788)	$1,393,834
Receipts Over (Under) Expenditures	$ (211,202)			$ (488,645)
Unencumbered Cash, Beginning	1,129,760			1,618,405
Unencumbered Cash, Ending	$ 918,558			$1,129,760

CITY OF LIBERAL, KANSAS

Schedule 2-16

SPECIAL BEAUTIFICATION FUND
(5% OF 1% SALES TAX)
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local sales tax	$259,759	$210,000	$ 49,759	$254,146
Other income	6,600	5,000	1,600	6,600
Use of Money and Property:				
Interest	-	20,000	(20,000)	14,612
Total Receipts	$266,359	$235,000	$ 31,359	$275,358
Expenditures				
Contractual services	$ 69,138	$ 87,000	$ (17,862)	$ 34,447
Commodities	177,776	270,000	(92,224)	181,352
Capital outlay	76,403	28,000	48,403	31,464
Operating Transfers:				
Enterprise Fleet Management	7,344	5,500	1,844	-
Improvement projects	17,461	-	17,461	-
Total Expenditures	$348,122	$390,500	$ (42,378)	$247,263
Receipts Over (Under) Expenditures	$ (81,763)			$ 28,095
Unencumbered Cash, Beginning	752,185			724,090
Unencumbered Cash, Ending	$670,422			$752,185

CITY OF LIBERAL, KANSAS

Schedule 2-17

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Taxes and Shared Receipts:				
Ad valorem property tax	$ (356)	$ -	$ (356)	$ (1,382)
Delinquent tax	1,170	-	1,170	1,395
Motor vehicle tax	23	-	23	13,652
Commercial vehicle tax	-	-	-	846
Special assessments	58,632	62,000	(3,368)	68,806
Other:				
Miscellaneous	-	100	(100)	-
Operating Transfers:				
General	114,392	-	114,392	113,781
Street Drainage and Other Capital Improvements	226,887	226,900	(13)	228,089
Total Receipts	$ 400,748	$ 289,000	$ 111,748	$ 425,187
Expenditures				
Principal	$ 775,000	$ 954,400	$ (179,400)	$ 940,000
Interest	104,229	154,500	(50,271)	110,971
Contractual services	-	-	-	1,500
Total Expenditures	$ 879,229	$1,108,900	$ (229,671)	$1,052,471
Receipts Over (Under) Expenditures	$ (478,481)			$ (627,284)
Unencumbered Cash, Beginning	2,881,898			3,509,182
Unencumbered Cash, Ending	$2,403,417			$2,881,898

CITY OF LIBERAL, KANSAS

Schedule 2-18

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Charges for services	$ 20,778	$ 20,000	$ 778	$ 18,443
Use of Money and Property:				
Royalties and leases	268,126	265,000	3,126	221,073
Interest on time deposits	16,967	19,000	(2,033)	12,966
Other:				
Reimbursements	32,497	32,000	497	33,237
Grant proceeds	278,869	-	278,869	-
Operating Transfers:				
Special Economic Development	190,428	180,000	10,428	190,428
Total Receipts	$807,665	$516,000	$ 291,665	$ 476,147
Expenditures				
Personal services	$318,403	$261,800	$ 56,603	$ 247,067
Contractual services	126,605	151,400	(24,795)	374,729
Commodities	220,043	182,000	38,043	110,749
Capital outlay	-	130,000	(130,000)	-
Operating Transfers:				
Enterprise Fleet Management	19,942	14,700	5,242	-
Total Expenditures	$684,993	$739,900	$ (54,907)	$ 732,545
Receipts Over (Under) Expenditures	$122,672			$ (256,398)
Unencumbered Cash, Beginning	484,921			741,319
Unencumbered Cash, Ending	$607,593			$ 484,921

CITY OF LIBERAL, KANSAS

Schedule 2-19

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Intergovernmental:				
Local transient guest tax	$ 30,000	$ 30,000	$ -	$ 30,000
Appropriations	432,000	430,000	2,000	432,000
Charges for services	71,887	74,500	(2,613)	70,377
Total Receipts	$533,887	$534,500	$ (613)	$532,377
Expenditures				
Community Services:				
Personal services	$276,086	$399,600	$ (123,514)	$290,809
Contractual services	87,926	108,800	(20,874)	87,712
Commodities	81,248	87,800	(6,552)	84,059
Capital outlay	39,654	170,000	(130,346)	-
Total Expenditures	$484,914	$766,200	$ (281,286)	$462,580
Receipts Over (Under) Expenditures	$ 48,973			$ 69,797
Unencumbered Cash, Beginning	312,099			242,302
Unencumbered Cash, Ending	$361,072			$312,099

CITY OF LIBERAL, KANSAS

Schedule 2-20

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Charges for services	$2,639,799	$2,725,000	$ (85,201)	$2,478,786
Other sales or services	21,420	2,000	19,420	23,316
Use of Money and Property:				
Interest on time deposits	8,079	6,000	2,079	8,121
Operating Receipts:				
Miscellaneous	-	-	-	3,329
Total Receipts	$2,669,298	$2,733,000	$ (63,702)	$2,513,552
Expenditures				
Refuse Expense:				
Personal services	$1,090,332	$1,212,900	$ (122,568)	$1,086,208
Contractual services	1,003,002	1,338,400	(335,398)	1,071,377
Commodities	286,184	456,000	(169,816)	326,420
Capital outlay	-	75,000	(75,000)	1,362
Recycle Center Expense:				
Personal services	77,725	85,900	(8,175)	76,849
Contractual services	180	500	(320)	-
Commodities	-	5,000	(5,000)	-
Operating Transfers:				
Enterprise Fleet Management	21,244	16,500	4,744	-
Total Expenditures	$2,478,667	$3,190,200	$ (711,533)	$2,562,216
Receipts Over (Under) Expenditures	$ 190,631			$ (48,664)
Unencumbered Cash, Beginning	59,036			107,700
Unencumbered Cash, Ending	$ 249,667			$ 59,036

CITY OF LIBERAL, KANSAS

Schedule 2-21

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Charges for services	$5,257,888	$4,381,000	$ 876,888	$ 4,115,710
Use of Money and Property:				
Interest on time deposits	40,545	5,000	35,545	57,041
Other Receipts:				
Miscellaneous	10,000	2,000	8,000	1,177
Total Receipts	$5,308,433	$4,388,000	$ 920,433	$ 4,173,928
Expenditures				
Administrative Expense:				
Personal services	$ 582,484	$ 624,400	$ (41,916)	$ 584,012
Contractual services	724,735	749,700	(24,965)	672,476
Commodities	61,796	90,700	(28,904)	78,643
Capital outlay	-	-	-	13,200
Line Cleaning Expense:				
Personal services	1,235	101,400	(100,165)	859
Contractual services	17,012	27,000	(9,988)	18,915
Commodities	46,437	312,000	(265,563)	101,871
Capital outlay	-	150,000	(150,000)	1,662
Sewer Plant Expense:				
Personal services	484,986	611,600	(126,614)	568,650
Contractual services	200,253	344,000	(143,747)	245,143
Commodities	186,149	265,500	(79,351)	198,645
Capital outlay	-	-	-	4,391
Debt Service Expense:				
Principal	2,355,710	2,361,000	(5,290)	2,346,163
Interest	715,541	721,600	(6,059)	736,328
Operating Transfers:				
Wastewater Equipment Reserve	-	291,600	(291,600)	-
Enterprise Fleet Management	36,343	50,700	(14,357)	-
Total Expenditures	$5,412,681	$6,701,200	$ (1,288,519)	$ 5,570,958
Receipts Over (Under) Expenditures	$ (104,248)			$ (1,397,030)
Unencumbered Cash, Beginning	1,136,948			2,533,978
Unencumbered Cash, Ending	$1,032,700			$ 1,136,948

CITY OF LIBERAL, KANSAS

Schedule 2-22

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

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
Receipts				
Water sales	$ 5,854,573	$6,116,000	$ (261,427)	$5,689,450
Other sales or services	386,490	-	386,490	800,797
Miscellaneous	3,307	8,000	(4,693)	3,513
Use of Money and Property:				
Lease	14,400	-	14,400	14,400
Total Receipts	$ 6,258,770	$6,124,000	$ 134,770	$6,508,160
Expenditures				
Administrative Expense:				
Personal services	$ 548,952	$ 591,700	$ (42,748)	$ 602,868
Contractual services	2,074,533	2,094,700	(20,167)	2,033,639
Commodities	28,702	49,900	(21,198)	122,687
Capital outlay	-	500	(500)	-
Utility Expense:				
Personal services	147,715	179,300	(31,585)	127,070
Contractual services	734,987	792,000	(57,013)	730,579
Commodities	374,097	446,600	(72,503)	344,535
Capital outlay	-	-	-	6,764
Distribution Expense:				
Personal services	897,815	834,800	63,015	893,832
Contractual services	19,824	26,300	(6,476)	97,997
Commodities	457,607	506,000	(48,393)	705,923
Capital outlay	126,832	150,000	(23,168)	94,178
Non-Operating Expense:				
Contractual services	95,253	100,000	(4,747)	113,804
Operating Transfers:				
General	1,100,000	1,100,000	-	-
Enterprise Fleet Management	135,550	114,800	20,750	-
Improvement projects	650,000	650,000	-	-
Total Expenditures	$ 7,391,867	$7,636,600	$ (244,733)	$5,873,876
Receipts Over (Under) Expenditures	$ (1,133,097)			$ 634,284
Unencumbered Cash, Beginning	6,015,054			5,380,770
Unencumbered Cash, Ending	$ 4,881,957			$6,015,054

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)

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

CITY OF LIBERAL, KANSAS

Schedule 2-23

WATER BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts	-	-
Expenditures	-	-
Receipts Over (Under) Expenditures	$ -	$ -
Unencumbered Cash, Beginning	166,010	166,010
Unencumbered Cash, Ending	$166,010	$166,010

CITY OF LIBERAL, KANSAS

Schedule 2-24

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

	2025	2024
Receipts		
Insurance proceeds	-	$ 8,152
Expenditures		
Commodities	$ 2,042	$ -
Operating Transfers:		
General Fund	-	450,000
Total Expenditures	$ 2,042	$ 450,000
Receipts Over (Under) Expenditures	$ (2,042)	$ (441,848)
Unencumbered Cash, Beginning	401,182	843,030
Unencumbered Cash, Ending	$399,140	$ 401,182

CITY OF LIBERAL, KANSAS

Schedule 2-25

GIFTS AND DONATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Donations	$ 221,648	$268,726
Expenditures		
Personal services	$ 213,592	$202,633
Contractual services	70,830	22,810
Commodities	2,910	7,325
Capital outlay	37,372	45,574
Total Expenditures	$ 324,704	$278,342
Receipts Over (Under) Expenditures	$ (103,056)	$ (9,616)
Unencumbered Cash, Beginning	687,759	697,375
Unencumbered Cash, Ending	$ 584,703	$687,759

CITY OF LIBERAL, KANSAS

Schedule 2-26

SNOW REMOVAL RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts	-	-
Expenditures	-	-
Receipts Over (Under) Expenditures	$ -	$ -
Unencumbered Cash, Beginning	240,885	240,885
Unencumbered Cash, Ending	$240,885	$240,885

CITY OF LIBERAL, KANSAS

Schedule 2-27

DIVERSION PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Charges for services	$ 70,350	$ 67,714
Expenditures		
Commodities	-	80,190
Receipts Over (Under) Expenditures	$ 70,350	$ (12,476)
Unencumbered Cash, Beginning	222,760	235,236
Unencumbered Cash, Ending	$293,110	$222,760

CITY OF LIBERAL, KANSAS

Schedule 2-28

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

	2025	2024
Receipts		
Use of Money and Property:		
Interest on time deposits	$ 615	$ 559
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 615	$ 559
Unencumbered Cash, Beginning	29,078	28,519
Unencumbered Cash, Ending	$ 29,693	$ 29,078

CITY OF LIBERAL, KANSAS

Schedule 2-29

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

	2025	2024
Receipts		
Loan proceeds	$ 2,130,089	$ 4,601,363
Grant proceeds	83,465	75,215
Federal investment tax credit	1,061,190	-
Use of Money and Property:		
Interest	-	9,000
Operating Transfers:		
Street Drainage and Other Capital Improvements	2,536,002	1,413,371
Special Crime Prevention	68,996	992
Special Housing	91,496	575,374
Special Economic Development	117,563	-
Special Beautification	17,461	-
Water Utility	650,000	-
Total Receipts	$ 6,756,262	$ 6,675,315
Expenditures		
Contractual services	$ 626,953	$ 270,109
Commodities	5,613,375	2,685,173
Capital outlay	607,056	3,541,968
Operating Transfers:		
Street Drainage and Other Capital Improvements	63,865	1,807,053
Special Crime Prevention	340	16,590
Special Housing	-	108,630
Special Economic Development	-	65,747
Water Equipment Reserve	2,580	-
Total Expenditures	$ 6,914,169	$ 8,495,270
Receipts Over (Under) Expenditures	$ (157,907)	$ (1,819,955)
Unencumbered Cash, Beginning	(2,195,566)	(375,611)
Unencumbered Cash, Ending	$ (2,353,473)	$ (2,195,566)

CITY OF LIBERAL, KANSAS

Schedule 2-30

AIRPORT LAND SALE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Sale of land	$ 59,812	$ 77,457
Use of Money and Property:		
Interest on time deposits	4,640	4,336
Total Receipts	$ 64,452	$ 81,793
Expenditures		
Capital outlay	67,500	68,637
Receipts Over (Under) Expenditures	$ (3,048)	$ 13,156
Unencumbered Cash, Beginning	268,027	254,871
Unencumbered Cash, Ending	$264,979	$268,027

CITY OF LIBERAL, KANSAS

Schedule 2-31

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

	2025	2024
Receipts		
Grant proceeds	$668,224	$901,929
Expenditures		
Contractual services	584,908	730,843
Receipts Over (Under) Expenditures	$ 83,316	$171,086
Unencumbered Cash, Beginning	152,233	(18,853)
Unencumbered Cash, Ending	$235,549	$152,233

CITY OF LIBERAL, KANSAS

Schedule 2-32

SOLID WASTE EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts	-	$ -
Expenditures		
Capital outlay	-	471,588
Receipts Over (Under) Expenditures	$ -	$ (471,588)
Unencumbered Cash, Beginning	623,452	1,095,040
Unencumbered Cash, Ending	$623,452	$ 623,452

CITY OF LIBERAL, KANSAS

Schedule 2-33

WASTEWATER EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts	-	-
Expenditures	-	-
Receipts Over (Under) Expenditures	$ -	$ -
Unencumbered Cash, Beginning	260,993	260,993
Unencumbered Cash, Ending	$260,993	$260,993

CITY OF LIBERAL, KANSAS

Schedule 2-34

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

	2025	2024
Receipts		
Operating Transfers:		
Improvement projects	$ 2,580	-
Expenditures		
Capital outlay	111,431	-
Receipts Over (Under) Expenditures	$ (108,851)	$ -
Unencumbered Cash, Beginning	2,382,541	2,382,541
Unencumbered Cash, Ending	$2,273,690	$2,382,541

CITY OF LIBERAL, KANSAS

Schedule 2-35

CEMETERY PERPETUAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Lot and crypt sales	$ 4,475	$ 6,001
Miscellaneous	350	-
Total Receipts	$ 4,825	$ 6,001
Expenditures	-	-
Receipts Over (Under) Expenditures	$ 4,825	$ 6,001
Unencumbered Cash, Beginning	41,357	35,356
Unencumbered Cash, Ending	$ 46,182	$ 41,357

CITY OF LIBERAL, KANSAS

Schedule 2-36

FIRE INSURANCE PROCEEDS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Insurance proceeds	$ -	$ 20,192
Use of Money and Property:		
Interest on time deposits	41	280
Total Receipts	$ 41	$ 20,472
Expenditures		
Commodities	20,192	-
Receipts Over (Under) Expenditures	$ (20,151)	$ 20,472
Unencumbered Cash, Beginning	22,102	1,630
Unencumbered Cash, Ending	$ 1,951	$ 22,102

CITY OF LIBERAL, KANSAS

Schedule 2-37

EDWARD BYRNE MEMORIAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts	-	-
Expenditures	-	-
Receipts Over (Under) Expenditures	$ -	$ -
Unencumbered Cash, Beginning	1,699	1,699
Unencumbered Cash, Ending	$ 1,699	$ 1,699

CITY OF LIBERAL, KANSAS

Schedule 2-38

BJA DRUG COURT GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Grant proceeds	$153,800	$119,669
Miscellaneous	52,527	50,606
Total Receipts	$206,327	$170,275
Expenditures		
Personal services	$103,268	$ 76,607
Contractual services	130,629	99,062
Commodities	325	5,463
Total Expenditures	$234,222	$181,132
Receipts Over (Under) Expenditures	$ (27,895)	$ (10,857)
Unencumbered Cash, Beginning	(51,994)	(41,137)
Unencumbered Cash, Ending	$ (79,889)	$ (51,994)

CITY OF LIBERAL, KANSAS

Schedule 2-39

POLICE STEP GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the year ended December 31, 2025
(with comparative actual totals for the prior year ended December 31, 2024)

	2025	2024
Receipts		
Reimbursement	$ 9,307	$ 5,394
Expenditures		
Personal services	9,307	5,394
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

CITY OF LIBERAL, KANSAS

Schedule 2-40

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

	2025	2024
Receipts		
Reimbursement	-	$ 14,805
Expenditures		
Contractual services	-	$ 84,301
Commodities	-	64,333
Capital outlay	-	124,898
Total Expenditures	-	$ 273,532
Receipts Over (Under) Expenditures	-	$ (258,727)
Unencumbered Cash, Beginning	-	258,727
Unencumbered Cash, Ending	-	-

CITY OF LIBERAL, KANSAS

Schedule 3

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For the year ended December 31, 2025

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll Clearing Fund	$ (113,411)	$4,411,691	$4,406,618	$ (108,338)
City Cafeteria Employee	1,448	-	-	1,448
Health Insurance Reserve	363,166	3,019	-	366,185
Municipal Court	19,250	64,760	74,560	9,450
Evidence Fund	27,256	3,263	600	29,919
Total	$ 297,709	$4,482,733	$4,481,778	$ 298,664

CITY OF LIBERAL, KANSAS

SUPPLEMENTARY INFORMATION

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Commission
City of Liberal, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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Members of the American Institute and of the Kansas Society of Certified Public Accountants
Member of Private Practice Section

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Liberal, Kansas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Liberal, Kansas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Liberal, Kansas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

June 30, 2026

CITY OF LIBERAL, KANSAS

Schedule 4

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2025

Federal Grantor/Pass-Through Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation Federal Aviation Administration:			
Airport Improvement Program	20.106	N/A	$ 928,244
U.S. Department of Transportation Passed Through Kansas Department of Transportation:			
Public Transportation Assistance Project	20.509	2025	254,516
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2025	9,307
U.S. Department of Transportation Passed Through Southwest Kansas Regional Transportation Council, Inc.:			
Public Transportation Assistance Project	20.509	2025	470,888
U.S. Department of Health and Human Services Passed Through Kansas Department of Commerce:			
Community Development Block Grant Cluster:			
Community Development Block Grant	14.218	2025	18,503
U.S. Department of Agriculture:			
USDA Housing Preservation Grant	10.433	N/A	45,000
U.S. Department of Justice:			
Treatment Court Discretionary Grant Program	16.585	N/A	153,380
Total Expenditures of Federal Awards			$1,879,838

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LIBERAL, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2025

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Liberal, Kansas under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Liberal, Kansas, it is not intended to and does not present the aggregate cash and unencumbered cash balances and receipts and expenditures of the City of Liberal, Kansas.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported on the regulatory basis of accounting, which are accounting practices prescribed by the State of Kansas and are described in Note 1 to the City of Liberal, Kansas' regulatory basis financial statement.

Note C: Subrecipient Grant Agreement

There were no subrecipient agreements at December 31, 2025.

Note D: Indirect Cost Rate

The City of Liberal, Kansas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note E: Noncash Assistance and Cumulative Endowment Funds

The City of Liberal, Kansas received no federal noncash assistance and no cumulative endowment funds for the year ended December 31, 2025.

Note F: There was no interest subsidy received by the City of Liberal, Kansas under a federal loan or loan guarantee program.

Note G: No awards were passed through to subrecipients.

CITY OF LIBERAL, KANSAS

Schedule 5

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the regulatory basis financial statement of the City of Liberal, Kansas.

2. No instances of noncompliance material to the financial statement of the City of Liberal, Kansas were disclosed during the audit.

3. There were no significant deficiencies relating to the audit of the major federal awards that were considered material weaknesses.

4. The auditor's report on compliance for the major federal award programs for the City of Liberal, Kansas expresses an unmodified opinion.

5. There were no audit findings relative to the major federal award programs for the City of Liberal, Kansas as reported in Part C. of this schedule.

6. The programs tested as major programs include:
   Airport Improvement Program #20.106

7. The threshold used for distinguishing between type A and B programs was $750,000.

8. The City of Liberal, Kansas was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF LIBERAL, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2025

Finding 2024-001. Airport Land Sales

Condition: Internal controls over the sales of land located at the airport do not meet expected performance because proper control is not maintained over the sales process.

Recommendation: Procedures should be implemented to strengthen internal controls over the airport land sales process.

Current Status: Procedures were implemented, and controls over the airport land sales process are currently working properly.