HOUSING AUTHORITY
OF
THE CITY
OF
MOUNDRIDGE, KANSAS

Financial Statement

For the Year Ended December 31, 2025

Housing Authority of the City of Moundridge

For the Year Ended December 31, 2025

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Knudsen Monroe & Company LLC

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Moundridge
Moundridge, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Housing Authority of the City of Moundridge, Kansas (Housing Authority), as of and for the year ended December 31, 2025, and the related disclosures 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 Housing Authority 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 Housing Authority as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the Housing Authority 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 Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority'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 Housing Authority'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 2025 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Schedule 1 as listed in the table of contents) is presented for the purpose of additional analysis and is not a required part of the 2025 basic financial statement, but is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2025 basic financial statement. The 2025 information has been subjected to the auditing procedures applied in the audit of the 2025 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 2025 basic financial statement or to the 2025 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 2025 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 Housing Authority as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated October 8, 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 schedule of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2025 (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2025 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.

Knudsen, Monroe & Company, LLC.

Certified Public Accountants
Newton, Kansas
October 19, 2026

Housing Authority of the City of Moundridge

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2025

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 860,664	467,948	365,983	962,629	39,493	1,002,122

Composition of Cash

The Citizens State Bank	
Checking	$ 825,718
Savings	176,404
Total Reporting Entity	$ 1,002,122

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The Housing Authority of the City of Moundridge (Housing Authority) is a municipality of the State of Kansas organized under K.S.A. 12-1219, with a five member Board of Commissioners. The Housing Authority is a related municipal entity of the City of Moundridge, Kansas. This regulatory basis financial statement presents the Housing Authority with no related municipal entities.

The purpose of the Housing Authority is to operate a fifty-four unit housing project for elderly persons with low income. The Housing Authority has entered into a housing-assistance contract with the Department of Housing and Urban Development (HUD), whereby HUD agrees to make certain housing assistance payments to the Housing Authority.

Regulatory Basis Fund Type

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

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

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

The Housing Authority 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 Housing Authority to use the regulatory basis of accounting.

Budgetary Information

The Housing Authority is not subject to Kansas budget laws. The Housing Authority adopts an annual budget for managerial purposes. The budget comparison on Schedule 1 reflects this internal managerial budget.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Housing Authority. The statute requires banks eligible to hold the Housing Authority's funds have a main or branch bank in the county in which the Housing Authority 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. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units through the Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). The Housing Authority has no other policies that would further limit interest rate risk.

2. DEPOSITS AND INVESTMENTS (Continued)

K.S.A. 12-1675 limits the Housing Authority'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 Housing Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the Housing Authority may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. State statutes require the Housing Authority's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the carrying amount of Housing Authority's deposits was $1,002,122 and the bank balance was $1,002,242. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and $752,242 was collateralized with securities held by the pledging financial institution's agents in the Housing Authority's name.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management is not aware of any statutory violations incurred in the year ended December 31, 2025.

4. LONG TERM DEBT

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
Finance Lease									
MRI Software	0.00%	10/01/23	$ 20,305	09/01/28	$ 12,183	-	4,061	8,122	-

Current maturities of long-term debt and interest for the next three years through maturity are as follows:

	Year ending December 31		
	2026	2027	Total
Finance Lease			
Principal	$ 4,061	4,061	8,122

5. RISK MANAGEMENT

The Housing Authority 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 volunteers; and natural disasters. The Housing Authority has purchased commercial insurance for these potential risks. There has been no significant reductions in insurance coverage from 2024 to 2025 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations, the Housing Authority is a party to various claims, legal actions and complaints. It is the opinion of the Housing Authority's management that any current matters are not anticipated to have a material financial impact on the Housing Authority.

6. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2025, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through October 19, 2026, which is the date at which the financial statement was available to be issued.

HOUSING AUTHORITY
OF THE
CITY OF MOUNDRIDGE

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

Housing Authority of the City of Moundridge

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
RECEIPTS				
Dwelling rental	$ 261,315	267,828	260,000	7,828
Housing operating subsidy	129,800	110,214	101,712	8,502
Grant income	136,645	86,719	-	86,719
Proceeds from insurance	-	817	-	817
Interest income	500	500	-	500
Other income	2,954	1,870	2,100	(230)
Total receipts	531,214	467,948	363,812	104,136
EXPENDITURES				
Administration				
Salaries	39,190	44,495	41,120	3,375
Legal fees	-	-	250	(250)
Travel	716	-	1,500	(1,500)
Staff training	949	1,689	2,000	(311)
Accounting fees	8,540	8,003	7,700	303
Employee benefits	2,998	3,795	3,150	645
Publications	12	-	-	-
Dues & fees	905	745	500	245
Telephone	1,001	1,927	1,000	927
Office supplies	2,812	(462)	1,500	(1,962)
Postage & sundry	1,669	2,119	1,000	1,119
Contract services	14,459	7,871	5,000	2,871
Total administration	73,251	70,182	64,720	5,462
Tenant services	1,213	575	2,080	(1,505)
Utilities				
Water	11,562	9,413	12,000	(2,587)
Electricity	34,971	21,585	35,000	(13,415)
Gas	30,596	20,594	25,000	(4,406)
Sewer	19,288	23,823	19,200	4,623
Total utilities	96,417	75,415	91,200	(15,785)

Housing Authority of the City of Moundridge

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
EXPENDITURES (Continued)				
Ordinary maintenance and operations				
Labor	$ 39,922	39,277	37,000	2,277
Materials	13,479	10,383	18,000	(7,617)
Contract services	26,551	22,690	20,300	2,390
Trash collection	8,850	8,061	8,200	(139)
Employee benefits	3,055	2,614	2,830	(216)
Total ordinary maintenance and operations	91,857	83,025	86,330	(3,305)
Other				
Insurance	33,572	36,146	33,310	2,836
Payment in lieu of taxes	11,640	11,640	16,880	(5,240)
Total other	45,212	47,786	50,190	(2,404)
Equipment purchases	12,935	19,674	-	19,674
Property improvements	110,070	69,326	-	69,326
Total expenditures	430,955	365,983	294,520	71,463
Receipts over (under) expenditures	100,259	101,965		
UNENCUMBERED CASH, beginning	760,405	860,664		
UNENCUMBERED CASH, ending	$ 860,664	962,629		