The City of Strong City
Chase County, Kansas

Independent Auditors' Report and
Regulatory Basis Financial Statement
Year Ended December 31, 2025

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The City of Strong City
Chase County, Kansas

Regulatory Basis Financial Statement
Year Ended December 31, 2025

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Independent Auditors' Report

To the City Council
Strong City, Kansas

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

Adverse Opinion on the U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion and Unmodified Opinions section of our report, the 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 Strong City, Kansas, as of December 31, 2025, or the changes in its financial position or cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Strong City, 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 Opinion and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Strong City, 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 my adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Strong City, 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 to meet the financial reporting requirements of the State of Kansas; 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 Strong City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility 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 my 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 Strong City's" internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Strong City's ability to continue as a going concern for a reasonable period of time.

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

Report on Regulatory – Required Supplementary Information and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. This 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 Strong City, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report dated September 30, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and my report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/chief-financial-officer/municipal-services/municipal-audits. 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 analysis and are 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 has been 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.

Cindy Jensen CPA

Cindy Jensen, CPA
September 8, 2026

City of Strong City
Chase County, Kansas

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

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & Accounts Payable	Ending Cash Balance
General Fund	$ (10,048)	$ 0	$ 334,733	$ 310,981	$ 13,704	$ 18,631	$ 32,335
Special Purpose Funds							
Special Highway	4,637	0	10,342	10,027	4,952	0	4,952
Tourism	6,591	0	0	0	6,591	0	6,591
Special Parks & Recreatior	2,016	0	1,980	2,540	1,456	0	1,456
Equipment Reserve	11,422	0	5,600	1,064	15,958	0	15,958
Short Lived Assets-Water	1,085	0	13,198	10,123	4,160	0	4,160
Short Lived Assets-Sewer	3,840	0	2,667	4,144	2,363	0	2,363
Depot Donations	288	0	0	0	288	0	288
ARPA	36,437	0	0	18,150	18,287	0	18,287
Debt Reserve	71,838	0	78,360	78,356	71,842	0	71,842
Street & Stormwater	0	0	74,636	0	74,636	0	74,636
Capital Project Fund							
Sewer Project	(186,509)	0	200,209	13,700	0	0	0
Streetscape	17,766	0	0	17,766	0	0	0
Business Fund							
Sewer Fund	45,253	0	129,688	157,711	17,230	2,082	19,312
Utility-Water & Trash	33,916	0	371,628	382,375	23,169	17,593	40,762
Total Reporting Entity	$ 38,532	$ 0	$1,223,041	$1,006,937	$ 254,636	$ 38,306	$ 292,942

Composition of Cash Balance:	
Checking	$ 205,216
Certificates of Deposit	87,499
Petty Cash	250
Total Cash Balance	292,965
Less: Agency Funds	(23)
Total Reporting Entity	$ 292,942

The accompanying notes are an integral part of this statement

The City of Strong City
Chase County, Kansas

Notes to the Financial Statement
December 31, 2025

Note 1 – Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City of Strong City is a governmental entity governed by an elected five-member council and mayor. The City's major operations include public safety, streets and highways, parks and recreation, and general administrative services. The City also operates two major business activities: a sewer system and a water system. The City also contracts for solid waste collection. The City's financial statement does not include any related municipal entities.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

General Fund – The chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Business Funds – these are financed in whole or in part by fees charged to users of the goods or services. Business funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Agency Funds – funds used to report assets held by the City in a purely custodial capacity.

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

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

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

Note 1 – Summary of Significant Accounting Policies (Cont.)

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 & interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds and certain other special purpose funds as noted in the presentation of the appropriate Schedule 2. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits by the governing body.

Note 2 – Stewardship, Compliance, and Accountability

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, and interpretation by the County Attorney and legal representatives of the Municipality.

Note 2 – Stewardship, Compliance, and Accountability (Cont)

Compliance with Finance-Related Legal and Contractual Obligations (Cont)

K.S.A. 10-130 requires that the City remit payments to the state fiscal agent at least 20 days prior to the day of maturity of bonds or interest due. The City remitted payments within the 20-day period prior to the maturity date.

Management is not aware of any other regulatory violations for the period covered by this audit.

Note 3 – Cash and Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the 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 has no other policies that would further limit interest rate risk.

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

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

The City maintains a cash pool that is available for use by all funds. At year-end, the carrying amount of the City's deposits, excluding petty cash, was $292,715. The bank balance was $304,759. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by two banks resulting in a concentration of credit risk. The bank balance of $304,759 was covered by federal depository insurance. The City held no investments on December 31, 2025.

Note 4 – Property Taxes

The City certifies its' budget to the County Clerk annually. Using this certified budget and those of other political subdivisions within the county, the County Clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20th of the same year, and the second installment is due May 10th of the subsequent year. The County Treasurer collects and distributes the property taxes. In accordance with State statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations.

Note 5 – Defined Benefit Pension Plan

Plan Description

The City of Strong City, 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 Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas St. 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 contributions rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, 2, and 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rate for KPERS 1, KPERS 2, and KPERS 3 to be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not Including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $29,067 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $210,666. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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.kpers.org or can be obtained as described above.

Note 6 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

The City participates in Federal and State programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed

Note 6 – Risk Management (Cont)

due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. Any disallowed claim resulting from such audit could become a liability of the City. However, in the opinion of management, any such disallowed claim would not have a material effect on the financial statements of the City at December 31, 2025

Note 7 – Other Post-Employment Benefits

Compensated Absences

Vacation for full time employees is based on years of employment. Amounts earned range from 6.67 hours per month for an employee with up to 2 years of service, to 15 hours per month for an employee with 6 or more years of service. Part time employees working at least 20 hours per week earn vacation at the rate of 1.67 hours per month. Seasonal and temporary employees do not earn vacation. The maximum hours of accumulation is 160. Upon separation of service, an employee is compensated for all earned but unused hours. Amounts paid for compensated absences are charged to the same respective fund as wages. No provision has been made in this financial statement for accumulated leave.

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 – Long-Term Debt

General Obligation Bonds

The City issued General Obligation bonds Series 2015A in the amount of $591,770 to pay off the temporary water project notes. USDA-Rural Development purchased the bonds at the intermediate rate of 2.75%. USDA-RD approved an additional loan of $59,000 to cover project expenditures. The City issued General Obligation bonds Series 2015B in the amount of $59,000 also with an interest rate of 2.75%.

In 2021, the City issued General Obligation bonds Series 2021A in the amount of $2,240,000 to pay off the temporary sewer project financing. USDA-Rural Development purchased the bonds at a rate of 1.75%.

In 2024, the City issued General Obligation bonds Series 2024 in the amount of $325,000 for the purpose of street improvements. The bonds carry interest rates of 4% to 4.5% depending on the maturity date.

Capital Leases

The City entered into a lease agreement with Citizens State Bank for the purchase of a 2025 Bobcat S590 Skid Steer Loader on May 27, 2025 for $45,500. A downpayment of $20,000 was made and the remaining $25,500 was financed. Three annual payments of $9,367 were scheduled beginning June 1, 2026. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments on this lease are made from the Equipment, sewer and water funds.

Note 8 – Long-Term Debt (Cont)

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

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Due January 1	Additions	Reductions/ Payments	Balance Due December 31	Interest Paid
General Obligation Bonds									
Series 2015A	2.75%	4/28/2015	591,770	5/1/2055	$ 508,269	$ 0	$ 10,600	$ 497,669	$ 13,977
Series 2015B	2.75%	4/28/2015	59,000	5/1/2055	50,675	0	1,057	49,618	1,394
Series 2021A	1.75%	3/25/2021	2,240,000	3/25/2061	2,120,568	0	41,246	2,079,322	37,110
Series 2024	4% -4.5%	10/29/2024	325,000	11/1/2044	325,000	0	10,000	315,000	14,053
Finance Leases:									
Citizens-Skid Loader	4.98%	5/27/2025	25,500	6/1/2028	0	25,500	0	25,500	0
Total contractual indebtedness					$3,004,512	$ 25,500	$ 62,903	$2,967,109	$ 66,534

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	2036-2040	2041-2045	2046-2050	2051-2055	2056-2060	2061	Total
Principal													
General Obligation Bonds													
Series 2015A	$ 10,891	$ 11,191	$ 11,498	$ 11,815	$ 12,139	$ 65,893	$ 75,466	$ 86,428	$ 98,984	$113,364	$ 0	$ 0	$ 497,669
Series 2015B	1,086	1,116	1,146	1,178	1,210	6,570	7,524	8,617	9,869	11,302	0	0	49,618
Series 2021A	41,968	42,702	43,354	44,208	44,982	236,905	258,313	281,813	307,360	335,225	365,607	76,885	2,079,322
Series 2024	10,000	10,000	10,000	15,000	15,000	75,000	90,000	90,000	0	0	0	0	315,000
2025 Bobcat	8,079	8,500	8,921	0	0	0	0	0	0	0	0	0	25,500
Total Principal	72,024	73,509	74,919	72,201	73,331	384,368	431,303	466,858	416,213	459,891	365,607	76,885	2,967,109
Interest													
General Obligation Bonds													
Series 2015A	13,686	13,386	13,079	12,762	12,438	56,993	47,420	36,457	23,901	9,522	0	0	239,644
Series 2015B	1,364	1,335	1,304	1,272	1,240	5,682	4,728	3,635	2,383	949	0	0	23,892
Series 2021A	36,388	35,654	35,002	34,148	33,374	154,875	133,467	109,967	84,420	56,555	26,173	1,471	741,494
Series 2024	13,575	13,175	12,775	12,375	11,775	49,650	32,963	10,575	0	0	0	0	156,863
2025 Bobcat	1,288	867	446	0	0	0	0	0	0	0	0	0	2,601
Total Interest	66,301	64,417	62,606	60,557	58,827	267,200	218,578	160,634	110,704	67,026	26,173	1,471	1,164,494
Total Indebtedness	$138,325	$137,926	$137,525	$132,758	$132,158	$651,568	$649,881	$627,492	$526,917	$526,917	$391,780	$ 78,356	$4,131,603

Note 9 – American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed by the President. ARPA is a $1.9 trillion economic stimulus plan which allocates to the State of Kansas $5 billion in funds. Included in those funds are $69,437 of funds available to Strong City. To date, the City has received all funds. The City's has expended $51,150 to date.

Note 10 – Public Wholesale Water Supply District No. 26

Public Wholesale Water Supply District No. 26 was formed on May 31, 2011 for the purpose of providing water to its members. Members of the District are: The City of Strong City, the City of Cottonwood Falls, and Chase County Rural Water District No. 1. The City's minimum commitment was set at 1,100,000 gallons per month. In 2026, this minimum was adjusted to 937,000 gallons per month. The contract extends 40 years from the date of initial delivery of water, which was in March 2016.

The City entered into a contract with the PWWSD#26 to provide clerical services. PWWSD#26 agrees to reimburse the City based on the hourly rate of the employee, including leave, benefits and employer payroll taxes plus an additional 10%. The term of the agreement is for one year and continues indefinitely until either party gives written notice.

The City entered into a contract with PWWSD#26 to provide water system operator services. The City agrees to operate the plant on Monday through Friday. The City of Cottonwood Falls will operate the plant when Strong City personnel are absent and shall alternate holiday and weekend duties with Strong City personnel. PWWSD#26 agrees to reimburse the City based on the hourly rate of the employee, including leave, benefits, and employer payroll taxes plus an additional 10%. The term of the agreement is for one year and continues indefinitely until either party gives written notice.

The City entered into a contract with PWWSD#26 to lease the City's existing water wells and water rights. PWWSD#26 will pay the City $100 annually for a term of 40 years or as long as the lessee produces potable water in sufficient quantities, whichever occurs first.

Note 11 – Transfers

Transferred From:	Transferred To:	Authority	Amount
Utility-Water	Short Lived Asset-Water	USDA LOC	11,693
Sewer	Short Lived Asset-Sewer	USDA LOC	2,667
Sewer	Debt Reserve	Res 03/24/2021	78,360
General	Equipment Reserve	12-1,117	3,600
Utility-Water	Equipment Reserve	12-1,117	2,000

Note 12 – Capital Projects

In 2025, the City closed out its' 2018 sewer project USDA grant. The total grant awarded was $2,186,000 with $38,228 de-obligated for a total project cost of $2,147,772.

Note 13 – Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date that the financial statement was available to be issued.

Regulatory – Required Supplementary Information

City of Strong City
Chase County, Kansas

Schedule 1

Summary of Expenditures-Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2025

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$ 389,050	$ 0	$ 389,050	$ 310,981	$ (78,069)
Special Purpose Funds					
Special Highway	18,778	0	18,778	10,027	(8,751)
Tourism	6,091	0	6,091	0	(6,091)
Special Parks & Recreation	33,577	0	33,577	2,540	(31,037)
Depot Donations	0	0	0	0	0
Street & Stormwater Imp	40,000	0	40,000	0	(40,000)
Business Fund					
Sewer	158,807	0	158,807	157,711	(1,096)
Utility-Water & Trash	463,893	0	463,893	382,375	(81,518)

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2A

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

GENERAL FUND

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Chase County	$ 160,040	$ 173,934	$ 178,332	$ (4,398)
Liquor Tax	1,759	1,980	1,685	295
Franchise Tax	34,896	34,364	37,000	(2,636)
Sales Tax	105,961	90,990	128,000	(37,010)
Licenses & Permits	585	989	1,000	(11)
Municipal Court	890	6,788	5,000	1,788
Housing	5,366	6,415	5,800	615
Interest	3,508	3,198	3,000	198
Other	11,479	16,075	17,750	(1,675)
Transfers In	0	0	0	0
Total Receipts	324,484	334,733	377,567	(42,834)
Expenditures				
General Government				
Personal Services	151,274	145,402	170,000	(24,598)
Commodities	11,879	8,071	20,000	(11,929)
Contractual	127,359	112,175	110,000	2,175
Capital Outlay	210	282	10,000	(9,718)
Law enforcement & Court	15,060	15,291	13,000	2,291
Streets & Highway	49,130	16,019	40,000	(23,981)
Parks & Recreation	3,861	835	5,000	(4,165)
Economic Development	0	0	3,000	(3,000)
Sidewalks/Handicap Parking	0	0	5,000	(5,000)
Chamber of Commerce	3,000	2,250	3,000	(750)
Other	3,771	7,056	6,450	606
Transfers out	3,600	3,600	3,600	0
Total Expenditures	369,144	310,981	389,050	(78,069)
Receipts Over (Under) Expenditures	(44,660)	23,752	$ (11,483)	$ 35,235
Unencumbered Cash, January 1	34,612	(10,048)		
Unencumbered Cash, December 31	$ (10,048)	$ 13,704		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2B

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

SPECIAL HIGHWAY

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State of Kansas Gas Tax	$ 10,468	$ 10,342	$ 12,310	$ (1,968)
Other	0	0	0	0
Total Receipts	10,468	10,342	12,310	(1,968)
Expenditures				
Streets & highways	12,668	10,027	18,778	(8,751)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	12,668	10,027	18,778	(8,751)
Receipts Over (Under) Expenditures	(2,200)	315	$ (6,468)	$ 6,783
Unencumbered Cash, January 1	6,837	4,637		
Unencumbered Cash, December 31	$ 4,637	$ 4,952		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2C

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

TOURISM

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Guest Tax	$ 0	$ 0	$ 0	$ 0
Other Receipts	0	0	0	0
Total Receipts	0	0	0	0
Expenditures				
Economic Development	0	0	6,091	(6,091)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	0	0	6,091	(6,091)
Receipts Over (Under) Expenditures	0	0	$ (6,091)	$ 6,091
Unencumbered Cash, January 1	6,591	6,591		
Unencumbered Cash, December 31	$ 6,591	$ 6,591		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2D

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

SPECIAL PARKS & RECREATION

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Liquor Tax	$ 1,759	$ 1,980	$ 1,685	$ 295
Donations, Grants, and Fundraisers	991	0	30,000	(30,000)
Total Receipts	2,750	1,980	31,685	(29,705)
Expenditures				
Parks & Recreation	4,069	2,540	33,577	(31,037)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	4,069	2,540	33,577	(31,037)
Receipts Over (Under) Expenditures	(1,319)	(560)	$ (1,892)	$ 1,332
Unencumbered Cash, January 1	3,335	2,016		
Unencumbered Cash, December 31	$ 2,016	$ 1,456		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2E

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

EQUIPMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	$ 5,600	$ 5,600
Other Receipts	0	0
Total Receipts	5,600	5,600
Expenditures		
Equipment	4,851	1,064
Other	0	0
Total Expenditures	4,851	1,064
Receipts Over (Under) Expenditures	749	4,536
Unencumbered Cash, January 1	10,673	11,422
Unencumbered Cash, December 31	$ 11,422	$ 15,958

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2F

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

SHORT LIVED ASSET-WATER

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	$ 12,756	$ 11,693
Other receipts	0	1,505
Total Receipts	12,756	13,198
Expenditures		
Equipment	24,153	10,123
Receipts Over (Under) Expenditures	(11,397)	3,075
Unencumbered Cash, January 1	12,482	1,085
Unencumbered Cash, December 31	$ 1,085	$ 4,160

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2G

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

SHORT LIVED ASSET - SEWER

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	$ 2,667	$ 2,667
Other	0	0
Total Receipts	2,667	2,667
Expenditures		
Equipment	221	4,144
Receipts Over (Under) Expenditures	2,446	(1,477)
Unencumbered Cash, January 1	1,394	3,840
Unencumbered Cash, December 31	$ 3,840	$ 2,363

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2H

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

DEPOT

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Donations	$ 5	$ 0	$ 0	$ 0
Other	0	0	0	0
Total Receipts	5	0	0	0
Expenditures				
Depot	0	0	0	0
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	0	0	0	0
Receipts Over (Under) Expenditures	5	0	$ 0	$ 0
Unencumbered Cash, January 1	283	288		
Unencumbered Cash, December 31	$ 288	$ 288		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2I

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

ARPA

	Prior Year Actual	Current Year Actual
Receipts		
ARPA receipts	$ 0	$ 0
Other	0	0
Total Receipts	0	0
Expenditures		
ARPA expenditures	19,800	18,150
Receipts Over (Under) Expenditures	(19,800)	(18,150)
Unencumbered Cash, January 1	56,237	36,437
Unencumbered Cash, December 31	$ 36,437	$ 18,287

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2J

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

DEBT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfers in	$ 78,360	$ 78,360
Other	0	0
Total Receipts	78,360	78,360
Expenditures		
Debt payments	78,356	78,356
Receipts Over (Under) Expenditures	4	4
Unencumbered Cash, January 1	71,834	71,838
Unencumbered Cash, December 31	$ 71,838	$ 71,842

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2K

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

STREET & STORMWATER IMPROVEMENT FUND

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Sales & Use Tax	$ 0	$ 74,636	$ 80,000	$ (5,364)
Other	0	0	0	0
Total Receipts	0	74,636	80,000	(5,364)
Expenditures				
Street & Stormwater Improvements	0	0	40,000	(40,000)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	0	0	40,000	(40,000)
Receipts Over (Under) Expenditures	0	74,636	$ 40,000	$ 34,636
Unencumbered Cash, January 1	0	0		
Unencumbered Cash, December 31	$ 0	$ 74,636		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2L

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

SEWER PROJECT

	Prior Year Actual	Current Year Actual
Receipts		
USDA grant	$ 36,595	$ 200,209
KDHE Loan-Temporary Financing	0	0
CDBG-Grant	0	0
Other	0	0
Total Receipts	36,595	200,209
Expenditures		
Sewer project	234,325	13,700
KDHE loan principal	0	0
Other	0	0
Total Expenditures	234,325	13,700
Receipts Over (Under) Expenditures	(197,730)	186,509
Unencumbered Cash, January 1	11,221	(186,509)
Unencumbered Cash, December 31	$ (186,509)	$ 0

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2M

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

STREETSCAPE

	Prior Year Actual	Current Year Actual
Receipts		
Bond proceeds	$ 315,932	$ 0
Other	6,500	0
Total Receipts	322,432	0
Expenditures		
Street project	304,666	17,766
Other	0	0
Total Expenditures	304,666	17,766
Receipts Over (Under) Expenditures	17,766	(17,766)
Unencumbered Cash, January 1	0	17,766
Unencumbered Cash, December 31	$ 17,766	$ 0

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2N

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

SEWER

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Sewer Receipts	$ 135,192	$ 129,328	$ 130,000	$ (672)
Other Receipts	6,291	360	2,000	(1,640)
Total Receipts	141,483	129,688	132,000	(2,312)
Expenditures				
Personal Service	20,463	41,612	15,000	26,612
Commodities	2,631	1,066	10,000	(8,934)
Contractual	29,414	27,706	33,000	(5,294)
Debt Payments	2,000	0	78,356	(78,356)
Capital Outlay	208	6,300	17,784	(11,484)
Other	0	0	2,000	(2,000)
Transfers out	81,027	81,027	2,667	78,360
Total Expenditures	135,743	157,711	158,807	(1,096)
Receipts Over (Under) Expenditures	5,740	(28,023)	$ (26,807)	$ (1,216)
Unencumbered Cash, January 1	39,513	45,253		
Unencumbered Cash, December 31	$ 45,253	$ 17,230		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 2O

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

UTILITY-WATER & TRASH

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Water Receipts	$ 187,524	$ 182,202	$ 220,000	$ (37,798)
Trash Receipts	62,627	60,481	62,000	(1,519)
Other Receipts	85,298	128,945	80,000	48,945
Transfers In	0	0	0	0
Total Receipts	335,449	371,628	362,000	9,628
Expenditures				
Personal Service	130,757	149,728	125,000	24,728
Commodities	33,084	8,987	12,000	(3,013)
Water Purchased	88,694	91,419	95,000	(3,581)
Contractual	81,049	81,115	110,110	(28,995)
Debt Payments	27,027	27,027	27,027	0
Capital Outlay	6,022	9,955	30,000	(20,045)
Other	1,329	451	50,000	(49,549)
Transfers out	14,756	13,693	14,756	(1,063)
Total Expenditures	382,718	382,375	463,893	(81,518)
Receipts Over (Under) Expenditures	(47,269)	(10,747)	$ (101,893)	$ 91,146
Unencumbered Cash, January 1	81,185	33,916		
Unencumbered Cash, December 31	$ 33,916	$ 23,169		

See accompanying auditors' report.

City of Strong City
Chase County, Kansas

Schedule 3

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

AGENCY FUNDS

Fund	Cash Balance Jan 1	Cash Receipts	Cash Disbursements	Cash Balance Dec 31
Payroll Clearing	$ 0	$ 142,738	$ 142,715	$ 23
Other	0	0	0	0
Total	$ 0	$ 142,738	$ 142,715	$ 23

See accompanying auditors' report.