BRUNO TOWNSHIP

BUTLER COUNTY, KANSAS

Financial Statement

For the Year Ended December 31, 2025

Bruno Township

For the Year Ended December 31, 2025

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Knudsen Monroe & Company LLC

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INDEPENDENT AUDITOR'S REPORT

Bruno Township Board
Butler County, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Bruno Township, Butler County, Kansas (Township), 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 Township 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 Township 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 Township, 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 Township 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 Township'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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement 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 Township'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 Township'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 summary of regulatory basis expenditures-actual and budget and the individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2025 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 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 Township as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated May 27, 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 2 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 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
May 27, 2026

BRUNO TOWNSHIP

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	$ 52,947	706,724	592,758	166,913	19,846	186,759
Special Purpose						
FEMA	-	73,514	9,732	63,782	-	63,782
Donations	-	52,000	-	52,000	-	52,000
Total Reporting Entity	$ 52,947	832,238	602,490	282,695	19,846	302,541

Composition of Cash	
Equity Bank	
Checking	$ 228,643
Savings	73,898
Total Reporting Entity	$ 302,541

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Bruno Township (Township) is a municipal corporation governed by an elected three-member board. This regulatory financial statement presents Bruno Township, a municipality.

Regulatory Basis Fund Type

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

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

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 Township 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 Township to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund. 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 Township 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 Township did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. A budget comparison schedule is presented 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 Township 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 the Special Purposes Funds: FEMA and Donations.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The Township was not in compliance with K.S.A. 9-1402 and 9-1405 which require that deposits with statutorily authorized financial institutions be adequately secured, for approximately nineteen days during the year. The District's cash deposits were adequately secured as of the year ended December 31, 2025.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Township. The statute requires banks eligible to hold the Township's funds have a main or branch bank in the county in which the Township 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 Township has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk

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

3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State statutes require the Township'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 Township's carrying amount of deposits was $302,541 and the bank balance was $307,615. 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 $57,615 was collateralized with securities held by the pledging financial institution's agents in the Township's name.

4. LONG TERM DEBT

Changes in long-term liabilities for the Township 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
Finance Leases									
Caterpillar Motor Grader	5.99%	02/01/24	484,802	04/13/31	$ 441,123	-	59,996	381,127	24,963

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

	2026	2027	2028	2029	2030	2031	Total
Finance Leases							
Principal	$ 63,864	67,796	71,971	76,402	81,106	19,988	381,127
Interest	21,095	17,163	12,988	8,557	3,853	195	63,851
Total	$ 84,959	84,959	84,959	84,959	84,959	20,183	444,978

5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

Full-time employees earn one week of vacation after the completion of one year of service and two weeks of vacation after two years of service. Vacation time does not carry over from year to year.

6. RETIREMENT PLAN

Plan Description

The Township sponsors a Roth retirement plan for full time employees. The Township contributes 5% of an eligible employee's wages. Under the SECURE 2.0 Act, eligible employees may contribute up to $17,600 in 2025. The catch-up limit is $3,850 for those employees age 50 to 59 or age 64 and older, and $5,250 for those age 60 to 63. The Township contributed $4,346 for eligible employees during the year ended December 31, 2025.

7. RELATED PARTIES

An employee of the Township provided additional property maintenance services, outside of regular duties in the amount of $36,720, during the year ended December 31, 2025.

8. RISK MANAGEMENT

The Township 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. The Township has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the Township joined together with other municipal entities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

The Township pays an annual premium to KMIT for workers' compensation coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The Township continues to carry commercial insurance for all other risks of loss. There were no significant reductions in coverage during the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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

9. 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 May 27, 2026, which is the date at which the financial statement was available to be issued.

BRUNO TOWNSHIP

BUTLER COUNTY, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 1

BRUNO TOWNSHIP

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2025

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	$ 699,228	-	699,228	592,758	(106,470)

BRUNO TOWNSHIP

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		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
General				
Ad valorem property tax	$ 439,712	586,071	612,923	(26,852)
Delinquent tax	7,521	18,187	-	18,187
Motor vehicle tax	54,964	52,538	45,178	7,360
Recreational vehicle tax	1,432	1,196	1,215	(19)
16/20M vehicle tax	1,095	1,225	962	263
Commercial vehicle tax	2,175	2,308	2,263	45
Oil and gas tax	40	-	-	-
Interest	294	456	-	456
Other income	2,672	-	-	-
	509,905	661,981	662,541	(560)
Road				
Special highway tax	7,137	7,148	6,687	461
Other income	5,603	4,120	-	4,120
	12,740	11,268	6,687	4,581
Cemetery				
Charges for services	1,820	2,100	-	2,100
Open and close fees	12,110	12,500	-	12,500
Plot sales	21,190	18,875	30,000	(11,125)
	35,120	33,475	30,000	3,475
Total receipts	557,765	706,724	699,228	7,496
EXPENDITURES, page 11	595,354	592,758		
Receipts over (under) expenditures	(37,589)	113,966		
UNENCUMBERED CASH, beginning	90,536	52,947		
UNENCUMBERED CASH, ending	$ 52,947	166,913		

BRUNO TOWNSHIP

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	Variance Over (Under)
EXPENDITURES				
General				
General administration	$ 2,820	2,878	1,000	1,878
Insurance	16,728	19,484	27,350	(7,866)
Officer's salaries	15,501	15,502	14,400	1,102
Professional fees	6,750	6,655	-	6,655
Utilities	5,675	5,498	6,000	(502)
	47,474	50,017	48,750	1,267
Road				
Wages	118,129	146,806	167,338	(20,532)
Employee benefits	15,163	14,091	9,472	4,619
Insurance	283	-	-	-
Capital outlay	-	28,050	-	28,050
Finance lease				
Principal	124,189	59,996	-	59,996
Interest	23,676	24,963	-	24,963
Maintenance and repairs	50,605	42,770	75,962	(33,192)
Fuel	21,112	28,348	-	28,348
Hauling	13,659	8,423	-	8,423
Materials	150,435	129,989	-	129,989
Shop expenses	2,234	22,796	362,934	(340,138)
	519,485	506,232	615,706	(109,474)
Cemetery				
Wages	14,816	17,704	-	17,704
Employee benefits	1,709	2,159	-	2,159
Operating	42	507	34,772	(34,265)
Maintenance	11,828	16,139	-	16,139
	28,395	36,509	34,772	1,737
Total Expenditures	$ 595,354	592,758	699,228	(106,470)

BRUNO TOWNSHIP

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

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

	2024	2025
FEMA		
RECEIPTS		
Federal grant	$ -	73,514
EXPENDITURES		
Maintenance and repairs	-	9,732
Receipts over (under) expenditures	-	63,782
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	63,782
DONATIONS		
RECEIPTS		
Donation	$ -	52,000
EXPENDITURES	-	-
Receipts over (under) expenditures	-	52,000
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	52,000