AUBURN TOWNSHIP

Shawnee County, Kansas

FINANCIAL STATEMENT

December 31, 2025

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

AUBURN TOWNSHIP
Shawnee County, Kansas
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June 17, 2026

Board of Directors
Auburn Township
Shawnee County, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Auburn Township (the Township), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the 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 they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. 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 audits. 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 the 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 KMAAG, 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 the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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.

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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 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 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

AUBURN TOWNSHIP
Shawnee County, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2025

	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds:							
General Fund	$ 37,845	$ -	$ 38,189	$ 40,029	$ 36,005	$ -	$ 36,005
Special Purpose Funds:							
Road Maintenance	31,362	-	954,920	937,808	48,474	-	48,474
Special Machinery	131,398	-	100,000	-	231,398	-	231,398
Total Reporting Entity	$ 200,605	$ -	$ 1,093,109	$ 977,837	$ 315,877	$ -	$ 315,877
Composition of Cash							
Checking							$ 315,877

See Independent Auditor's Report.
The accompanying notes are an integral part of this financial statement.

AUBURN TOWNSHIP
Shawnee County, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2025

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Auburn Township (the Township), is a municipal corporation governed by an elected three-member council. This financial statement presents the Township (the primary government).

Basis of Accounting

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.

Regulatory Basis Fund Types

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following types of governmental funds comprise the financial activities of the Township for the year:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Equipment Fund - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified use.

Road Fund - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified use.

Cemetery Fund - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified use.

Cash and Investments

Cash consists of checking and money market accounts.

Note 2: Budgetary Information

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

1. Preparation of 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 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 butt may not be adopted prior to the revenue neutral rate hearing. The Township did hold a revenue neutral rate hearing.

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 budget amendments during the 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 modified accrual basis of accounting, modified further by the encumbrances method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the Township for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Note 3: Deposits and Investments

As of December 31, 2025, the Township had no 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 deposits 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.

Note 3: Deposits and Investments (Continued)

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.

*Custodial credit risk - deposits. C*ustodial 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.

At December 31, 2025, the Township's carrying amount of deposits was $315,877 and the bank balance was $343,231. 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 the remainder was collateralized with securities held in the Township's name.

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

Note 4: Long-Term Leases

On February 23, 2022 the Township entered into a five year lease agreement for a Caterpillar Loader valued at $135,411. The lease terms require four annual payments of $30,537 beginning February 21, 2023 and final payment $30,537 on February 21, 2026 with an imputed 4.14% interest rate.

	Balance	Payment	Principal	Interest
March 30, 2025	$ 57,480	$ 30,537	$ 28,157	$ 2,380
March 30, 2026	29,323	30,537	29,323	1,214
Total		$ 61,074	$ 57,480	$ 3,594

On March 30, 2022 the Township entered into an agreement to lease a John Deere Tractor valued at $115,000. The lease terms required a trade-in valued at $13,485 and four annual payments of $21,531.75 beginning March 30, 2022 and final payment on March 30, 2026 with an imputed 3.03% interest rate.

	Balance	Payment	Principal	Interest
March 30, 2025	$ 41,184	$ 21,532	$ 20,285	$ 1,247
March 30, 2026	20,899	21,532	20,899	633
Total		$ 43,064	$ 41,184	$ 1,880

On August 2, 2022 the Township entered into an agreement to lease a Caterpillar Motor Grader valued at $342,699. The lease terms required a trade-in valued at $155,000 and six annual payments of $27,949 beginning August 4, 2023 and final payment of $135,151 on August 2, 2029 with an imputed 6.38% interest rate.

	Balance	Payment	Principal	Interest
August 2, 2025	$ 179,504	$ 27,949	$ 15,434	$ 12,515
August 2, 2026	164,070	27,949	16,425	11,524
August 2, 2027	147,645	27,950	17,480	10,470
August 2, 2028	130,165	27,949	18,602	9,347
August 2, 2029	111,563	119,717	111,563	8,154
Total		$ 231,514	$ 179,504	$ 52,010

Note 5: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description: The Township 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, etc. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2016. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS I, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS for the year ended December 31, 2025. Contributions to the Plan from the Township were $16,804 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the Township's proportionate share of the collective net pension liability reported by KPERS was $123,602. 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 Township's proportion of the net pension liability was based on the ratio of the Township's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 6: Stewardship, Compliance and Accountability

The Township had no reported instances of material non-compliance.

Note 7: Interfund Transfers

Operating transfers were as follows for the year ended December 31, 2025:

From	To	Regulatory Authority	Amount
Road Fund	Special Machinery	K.S.A. 68-141g	$ 100,000

Note 8: Subsequent Events

The Township has evaluated subsequent events through the date of the financial statement, which is the date the financial statement was available to be issued.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

AUBURN TOWNSHIP
Shawnee County, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
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)
Governmental Type Funds:					
General Fund	$ 61,870	$ -	$ 61,870	$ 40,029	$ (21,841)
Road Maintenance Fund	973,180	-	973,180	937,808	(35,372)
Totals	$ 1,035,050	$ -	$ 1,035,050	$ 977,837	$ (57,213)

See Independent Auditor's Report.

AUBURN TOWNSHIP
Shawnee County, Kansas
GENERAL
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad Valorem tax	$ 16,535	$ 16,637	$ (102)
Delinquent tax	110	133	(23)
Motor vehicle tax	1,957	1,766	191
Recreational vehicle tax	32	38	(6)
16/20 M vehicle tax	52	25	27
Commercial vehicle tax	29	29	-
Watercraft	-	20	(20)
Cemetery lots	7,450	12,500	(5,050)
Interest	12,024	5,300	6,724
Total Cash Receipts	$ 38,189	$ 36,448	$ 1,741
EXPENDITURES SUBJECT TO BUDGET			
Salaries and wages	$ -	$ 7,500	$ (7,500)
Officers pay	5,250	3,600	1,650
Employee benefits	643	1,060	(417)
Supplies	962	1,875	(913)
Insurance	100	200	(100)
Bond and publications	572	460	112
Utilities	5,768	5,215	553
Legal and accounting	13,977	13,435	542
Repairs	-	5,675	(5,675)
Cemetery	12,667	22,350	(9,683)
Miscellaneous	90	500	(410)
Total Expenditures Subject to Budget	$ 40,029	$ 61,870	$ (21,841)
Cash receipts over (under) expenditures	$ (1,840)		
Unencumbered Cash - Beginning	37,845		
Unencumbered Cash - Ending	$ 36,005		

AUBURN TOWNSHIP
Shawnee County, Kansas
ROAD MAINTENANCE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad Valorem tax	$ 791,541	$ 796,977	$ (5,436)
Delinquent tax	4,634	6,379	(1,745)
Motor vehicle tax	65,995	82,123	(16,128)
Recreational vehicle tax	1,462	1,644	(182)
16/20 M vehicle tax	1,635	1,446	189
Watercraft	-	1,054	(1,054)
Commercial vehicle tax	25,773	879	24,894
Special highway gasoline tax	37,161	25,621	11,540
Permits, culverts, and fees	-	9,500	(9,500)
Reimbursements	15,636	18,500	(2,864)
Miscellaneous	11,083	-	11,083
Total Cash Receipts	$ 954,920	$ 944,123	$ 10,797
EXPENDITURES SUBJECT TO BUDGET			
Salaries and wages	$ 178,818	$ 165,000	$ 13,818
Employee benefits	47,865	45,875	1,990
Accounting	5,500	6,135	(635)
Insurance	23,911	20,260	3,651
Road materials	365,869	404,000	(38,131)
Fuel	56,915	63,100	(6,185)
Equipment parts and repairs	63,067	145,240	(82,173)
Shop supplies	7,638	7,500	138
Utilities	1,876	2,870	(994)
Emergency action plan	-	12,000	(12,000)
Miscellaneous	164	1,200	(1,036)
Equipment payments	86,185	-	86,185
Transfer to Special Machinery	100,000	100,000	-
Total Expenditures Subject to Budget	$ 937,808	$ 973,180	$ (35,372)
Cash receipts over (under) expenditures	$ 17,112		
Unencumbered Cash - Beginning	31,362		
Unencumbered Cash - Ending	$ 48,474		

AUBURN TOWNSHIP
Shawnee County, Kansas
SPECIAL MACHINERY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

CASH RECEIPTS		
Transfer in	$	100,000
EXPENDITURES		
Equipment purchase	$	-
Cash receipts over (under) expenditures	$	100,000
Unencumbered Cash - Beginning		131,398
Unencumbered Cash - Ending	$	231,398