CITY OF PAOLA
Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2025

CITY OF PAOLA, KANSAS

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Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

City Commissioners
City of Paola, Kansas
Paola, Kansas

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

Adverse Opinion on U.S. Generally Accepted accounting Principles
In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion 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 City of Paola 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 City of Paola 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 C.

Basis for adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibility 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 City of Paola 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.

Matters giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note C of the financial statement, the financial statement is prepared by City of Paola, 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 C 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 Statements
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 C; 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 City of Paola 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 Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about where 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 an 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:

1. Exercise professional judgement and maintain professional skepticism throughout the audit.
2. 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.
3. 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 City of Paola's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Paola'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 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 expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-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, however 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. 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 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 C.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Paola, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated April 24, 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 available in electronic form from the web site of the Kansas Department of Administration at the following link http//admin.ks.gov/offices/oar/municipal-services. The 2024 actual column (2025 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare the 2024 basic financial statement or to the 2024 basic financial statements 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 C.

Harold K. Mayes Jr

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
June 8, 2026

City of Paola, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year Ended December 31, 2025

	Beginning Unencumbered Cash Balances	Receipts
General Fund	$ 2,097,209	$ 6,246,430
Special Purpose Funds		
Library	55,898	392,612
Employee Benefit	518,699	1,454,337
Family Aquatics Center	107,489	180,322
Community Center	21,375	123,901
Storm Water Management	354,744	95,553
Special Park and Recreation	7,674	21,352
Street Repair/Special Highway	204,946	160,867
Special Law Enforcement Account	4,670	80
Transient Guest Tax	37,888	42,894
Family Aquatics Center Equipment Reserve	179,714	166,286
Covid-19	80,000	0
Bond Issue	1,332,647	535,767
Escrow Proceeds	38,877	1,020
Mennenoah Cemetery	2,365	40
Special Grants Fund	8,972	152,042
Drug Enforcement Account	1,335	0
	2,957,293	3,327,073
Debt Service Funds		
Bond and Interest	422,479	1,526,394
Capital Projects Funds		
Equipment Replacement	297,209	304,939
Capital Projects Fund	3,270,061	1,867,243
	3,567,270	2,172,182

The accompanying notes are an integral part of this statement.

Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balances
$ 6,015,916	$ 2,327,723	$ 226,571	$ 2,554,294
414,022	34,488	16,839	51,327
1,277,663	695,373	49,284	744,657
177,749	110,062	67	110,129
131,435	13,841	5,645	19,486
21,777	428,520	0	428,520
17,861	11,165	0	11,165
150,000	215,813	0	215,813
0	4,750	0	4,750
45,436	35,346	0	35,346
100,000	246,000	0	246,000
75,406	4,594	0	4,594
527,818	1,340,596	0	1,340,596
37,431	2,466	0	2,466
0	2,405	0	2,405
89,794	71,220	5,599	76,819
70	1,265	0	1,265
3,066,462	3,217,904	77,434	3,295,338
1,514,170	434,703	0	434,703
415,544	186,604	0	186,604
1,536,064	3,601,240	0	3,601,240
1,951,608	3,787,844	0	3,787,844

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year Ended December 31, 2025

	Beginning Unencumbered Cash Balances	Receipts
Business Funds		
Sewer Service Operating	$ 1,110,429	$ 1,356,141
Water Utility Operating	982,085	2,497,722
Health and Sanitation	123,953	493,074
Water Treatment Plant	218,211	1,089,123
Wastewater Treatment Plant	587,330	108,227
	3,022,008	5,544,287
	$ 12,066,259	$ 18,816,366

The accompanying notes are an integral part of this statement.

Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balances
$ 1,315,867	$ 1,150,703	$ 19,610	$ 1,170,313
2,282,364	1,197,443	116,782	1,314,225
484,268	132,759	0	132,759
144,340	1,162,994	0	1,162,994
9,668	685,889	0	685,889
4,236,507	4,329,788	136,392	4,466,180
$ 16,784,663	$ 14,097,962	$ 440,397	$ 14,538,359

Cash balance consisting of	
Balance on deposit	
Checking, money market accounts & petty cash	$ 10,365,323
Certificates of deposit	4,250,000
Police bond	15,360
Payroll withholding	7,714
Police account	1,265
Total cash	14,639,662
Agency Funds Per Schedule 3	(101,303)
Total cash (excluding agency funds)	$ 14,538,359

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT
December 31, 2025

NOTE A. MUNICIPAL REPORTING ENTITY

The City of Paola is a municipal corporation governed by a mayor/council/manager form of government. These financial statements present the government and its related municipal entities, entities for which the government is considered financially accountable.

Related Municipal Entities

The Paola Free Library is governed by a board appointed by the City Council. The Library's budget and its expenditures and contractual arrangements, are approved by the City council. The Library has been included in the accompanying financial statements as a special purpose fund of the primary government.

Other Entities

The Paola Housing Authority has been omitted from the accompanying financial statements. The Paola Housing Authority Board is appointed by the City Council and oversees the operations of the Paola Housing Authority. The financial statements of the Paola Housing Authority are audited annually as of the Paola Housing Authority's fiscal year end (March 31). Those financial statements are issued separately and may be obtained from the Paola Housing Authority.

The City entered into a joint venture with the City of Louisburg for the purpose of developing a public utility to treat and disburse water to the two cities. The water treatment plant has been completed and is in operation. Both Cities provide labor, supplies and administrative costs to the operation for which both are reimbursed. Those financial statements are issued separately and may be obtained at City Hall.

The Public Building Commission activity is included in these financial records as part of the City's activity. There is no separate accounting by the Public Building Commission of its activity.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City potential could have the following types of funds.

General Fund – the chief operating fund. Used to account for all 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 revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

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

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

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipality reporting entity scholarship funds, etc.). The City does not have any funds of this type.

NOTE B. REGULATORY BASIS FUND TYPES - continued

Agency Fund – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, City tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments 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 revenues 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

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

NOTE D. BUDGETARY INFORMATION

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

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

If the municipality is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The municipality did not 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

NOTE D. BUDGETARY INFORMATION - continued

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues 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 the following special purpose funds and capital project funds:

Special Law Enforcement	Family Aquatics Center Equipment
Covid-19	Bond Issue
Escrow Fund	Mennenoah Cemetery
Special Grants	Drug Enforcement Account
Equipment Replacement	Capital Projects
Water Treatment Plant	Waste Water Treatment Plant

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

NOTE E. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments, Earning from these investments are allocate to designated funds.

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 City or in an adjoining City 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 bank 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 financial 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. The City rates investments (if any) as noted.

Concentration of credit risk - State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has no investments other than money markets and certificates of deposit.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be 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 Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2025.

At December 31, 2025, the carrying amount of the City's bank deposits was $14,639,662 (which includes petty cash funds) and the bank balance was $15,058,550. The bank balance was held by three banks which reduces concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $750,000 was covered by federal depository insurance and $14,308,550 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the

NOTE E. CASH AND INVESTMENTS – continued

possession of an outside party. State statutes require investments be adequately secured. The City had no such investments at year-end.

NOTE F. LONG-TERM DEBT

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Maturity
General obligation bonds:				
Refunding Series 2014	2.00-3.00	10/06/14	2,485,000	09/01/25
GO Refunding Series 2020	3.00	06/04/20	4,140,000	09/01/31
GO Bonds Series A, 2023	4.00-5.00	03/01/23	7,570,000	09/01/36
GO Bond Series 2025	5.00	07/08/25	1,050,000	09/01/29
Public Building Commission				
Refunding Series 2016	2.0-3.0	01/12/16	2,185,000	11/01/26
Capital leases:				
Fire Truck	2.25	04/28/15	750,000	04/28/29
Copiers	0.00	01/01/23	18,300	01/08/27
800MHZ Radios	3.49	01/01/20	125,000	01/01/25

	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General obligation bonds:						
Refunding Series 2014	$ 185,000	$ 0	$ 185,000	$ (185,000)	$ 0	$ 5,550
GO Refunding Series 2020	3,025,000	0	380,000	(380,000)	2,645,000	90,750
GO Bond Series A, 2023	6,795,000	0	355,000	(355,000)	6,440,000	304,900
GO Bond Series 2025	0	1,050,000	0	1,050,000	1,050,000	0
Public Building Commission						
Refunding Series 2016	365,000	0	180,000	(180,000)	185,000	10,950
Total bonds	$ 10,370,000	$ 1,050,000	$ 1,100,000	$ (50,000)	$ 10,320,000	$ 412,150

	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital leases:						
Fire Truck	$ 276,076	$ 0	$ 276,076	$ (276,076)	$ 0	$ 1,054
Copiers	25,074	0	8,358	(8,358)	16,716	0
800MHZ Radios	26,515	0	26,515	(26,515)	0	938
Total for leases	327,665	0	310,949	(310,949)	16,716	1,992
Total for all debt	$ 10,697,665	$ 1,050,000	$ 1,410,949	$ (360,949)	$ 10,336,716	$ 414,142

NOTE F. LONG-TERM DEBT – continued

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

	Year				
	2026	2027	2028	2029	2030
Principal:					
Bonds	$ 1,050,000	$ 1,125,000	$ 1,205,000	$ 1,295,000	1,005,000
Capital Leases	8,358	8,358	0	0	0
	1,058,358	1,133,358	1,205,000	1,295,000	1,005,000
Interest:					
Bonds	424,550	383,650	335,600	283,950	228,200
Capital Leases	0	0	0	0	0
	424,550	383,650	335,600	283,950	228,200
Total Principal & Interest	$ 1,482,908	$ 1,517,008	$ 1,540,600	$ 1,578,950	1,233,200

	Year 2031-2035	Year 2036	Total
Principal:			
Bonds	$ 3,830,000	$ 810,000	$ 10,320,000
Capital Leases	0	0	16,716
	3,830,000	810,000	10,336,716
Interest:			
Bonds	615,650	32,400	2,304,000
Capital Leases	0	0	0
	615,650	32,400	2,304,000
Total Principal & Interest	$ 4,445,650	$ 842,400	$ 12,640,716

The debt limit per Kansas Statutes is limited to thirty percent of the assessed tangible valuation for exempt farm property, business aircraft and motor vehicles given by the County Appraiser to the County Clerk on June 15 each year. On December 31, 2025, the statutory limit for the City was $25,853,188 providing a debt margin of $15,533,188 after removing debt exempt from the limitation.

NOTE G. CAPITAL PROJECTS

Project Name	Project Authorization	Project Expenditures
Lake Miola Dam Repair	$ 2,302,984	$ 2,302,985
Pool	527,817	527,817

NOTE H. INTERFUND TRANSFERS

Operating transfers were as follows:

From:	To:	Statutory Authority	Amount
General	Employee Benefit	12-16,102	$ 735,000
General	Community Center	12-16,102	83,000
General	Capital Projects	12-16,102	60,000
General	Equipment Replacement	12-16,102	130,000
Library	Employee Benefit	12-16,102	81,300
Sewer Service	Employee Benefit	12-16,102	89,800
Sewer Service	Bond and Interest	12-16,102	470,750
Sewer Service	Capital Projects	12-16,102	50,000
Family Aquatics Center	Employee Benefit	12-16,102	25,000
Community Center	Employee Benefit	12-16,102	10,000
Community Center	Capital Projects	12-16,102	5,000
Water Utility	Employee Benefit	12-16,102	33,100
Water Utility	Water Treatment Plant	12-16,102	7,000
Family Aquatics Center Equipment	Family Aquatics Center	12-16,102	100,000
Capital Projects	Bond and Interest	12-16,102	659,900
			$ 2,539,850

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPEARTIONS

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

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

The City has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Service Code. All employees of the City working 20 or more hours per week are eligible to participate in the plan beginning the first day of a pay period following coincidental with an employee's satisfaction of eligibility requirements of any Optional Benefit Plan. Each participant may elect to reduce his or her salary, subject to the limitations of the Individual Optional Benefit plans, to purchase benefits offered through the Plan. All benefits offered through the plan involve insurance coverage, dependent care reimbursements and health expense reimbursements.

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) received long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefits payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

Compensated Absences:

Vacation Pay - Full-time employees are entitled to paid vacation leave time according to one of the following schedules:

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPEARTIONS – continued

(a) Full-time employees hired prior to January 1, 1992:
The employee shall be credited with ninety-six (96) hours for each year for up to ten (10) years. Employees with more than ten (10) years of service shall be entitled to eight (8) additional hours for each year of service longer than ten (10) years or

Full-time employees hired after January 1, 1992:

Years of Continuous Employment:	0 to 5	5 to 10	10 to 15	over 15
Hours earned per bi-weekly pay period:	3.6923	4.6153	5.5384	6.4615

(b) New employees shall be awarded vacation time beginning on the first day of the month following (30) days of employment.

(c) Employees may accumulate vacation leave time up to the maximum of two hundred (200) hours. An employee shall not earn additional vacation leave during any time period that the employee maintains the two hundred (200) hours maximum accumulation.

(d) Off-duty employees on a leave of absence without pay for more than seven (7) working days in any one (1) calendar month shall not be eligible for earning vacation time during such month.

(e) Vacation schedules are established by the Department Heads. Vacation time shall be reported as prescribed by the Human Resources Director and shall be taken as follows:

Employees who work 8 hour days	Increments of four (4) hours
Employees who work 10 hour days	Increments of five (5) hours

(f) Bonus personal time shall be rewarded to employees not using sick leave as prescribed by the following schedule:

Hours of Sick Leave Used	Personal Hours Awarded
0 – 3	24
4 – 8	16
9 – 16	8
17 or more	0

To qualify for bonus personal time, employees must have been employed by the City for the entire calendar year. Bonus personal time is awarded in the first pay period of the calendar year and must be used prior to the end of the calendar year that it is awarded or it shall be cancelled without any payment due to the employee. Bonus personal time may be taken in 1-hour increments.

(g) Employees shall receive payment for unused vacation time upon voluntary or involuntary termination of employment. As of December 31, 2025, the unused vacation time represented a potential liability to the City in the amount of $166,115.

Sick Pay - Full-time employees may accumulate up to 180 days of sick leave. Twenty-five percent (25%) of unused sick leave will be paid upon termination of employment if in good standing. At December 31, 2025, City employees' sick leave payout at 25% would be $108,351. In addition to vacation and sick leave, the City also has paid leave for comp time, personal days and wellness that amounted to $103,158 as of December 31, 2025. There is no accrual for these amounts in the financial statements as amounts are expensed as the amounts are paid out.

NOTE J. 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 for which the City carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE K. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefits 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 require 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 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 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 establishes the KPERS member-employee contribution rates a 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. K.S.A. 74-4975 establishes KP&F (Kansas Police and Fire) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $214,187 for KPERS and $256,244 for KP&F 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 to KPERS was $1,387,881 and $2,288,421 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ration 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 this financial statement.

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

NOTE L. OTHER INFORMATION

Reimbursed Expenses: The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Compliance with Kansas Statutes: References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the State Director of Accounts and Reports and interpretation by the legal representative of the municipality. The City is not aware of any violations.

NOTE L. OTHER INFORMATION - continued

Ad valorem tax revenues: The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls.

Ad valorem tax revenues: The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with Kansas statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20th, prior to the fiscal year for which they are budgeted and the second half is due the following May 10th. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals.

Reimbursements: The City of Paola records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenues to the fund receiving the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursement.

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

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The City evaluated subsequent events through June 8, 2026, the date the financial statements were available to be issued. During the year the City issued bonds in the amount of $1,050,000 for use on the following projects to be completed in 2026: $600,000 for rerouting a main water line, $250,000 for acquiring radio and water meters, and $200,000 for replacing certain water service lines to reduce lead and copper.

REGULATORY BASIS
SUPPLEMENTARY INFORMATION

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City of Paola, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
(Budgeted Funds Only)
For the Year Ended December 31, 2025

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$ 6,488,225	$ 0	$ 6,488,225	$ 6,015,916	$ (472,309)
Special Purpose Funds					
Library	441,317	0	441,317	414,022	(27,295)
Employee Benefit	1,729,201	0	1,729,201	1,277,663	(451,538)
Family Aquatics Center	268,857	0	268,857	177,749	(91,108)
Community Center	140,513	0	140,513	131,435	(9,078)
Storm Water Management	417,184	0	417,184	21,777	(395,407)
Special Park and Recreation	25,359	0	25,359	17,861	(7,498)
Street Repair/Special Highway	354,585	0	354,585	150,000	(204,585)
Transient Guest Tax	52,163	0	52,163	45,436	(6,727)
Debt Service Funds					
Bond and Interest	1,843,133	0	1,843,133	1,514,170	(328,963)
Business Funds					
Sewer Service	2,025,518	0	2,025,518	1,315,867	(709,651)
Water Utility	2,687,812	0	2,687,812	2,282,364	(405,448)
Health and Sanitation	552,352	0	552,352	484,268	(68,084)

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Ad valorem property tax	$ 2,329,880	$ 2,505,184	$ 2,450,000	$ 55,184
Back tax collections	31,670	39,612	10,000	29,612
Motor vehicle tax	159,548	175,061	170,451	4,610
City sales tax	1,116,603	1,066,621	900,000	166,621
County sales tax	909,953	900,671	700,000	200,671
Sales tax	2,101	1,779	2,000	(221)
Mowing assessments	700	488	0	488
In lieu of taxes	30,466	33,645	26,000	7,645
Total taxes	4,580,921	4,723,061	4,258,451	464,610
Intergovernmental				
Liquor	20,585	21,272	23,000	(1,728)
Community fisheries program	4,867	8,111	6,400	1,711
Total Intergovernmental	25,452	29,383	29,400	(17)
Licenses, fees and permits				
Franchise tax	466,162	497,206	450,000	47,206
Pet licenses	25	45	0	45
General licenses	49,375	50,050	35,000	15,050
Lake permits	90,194	89,474	55,000	34,474
Zoning/planning	2,126	4,710	1,000	3,710
Building permits	52,406	93,103	80,000	13,103
Total Licenses, Fees & Permits	660,288	734,588	621,000	113,588
Charges for services				
Rural fire	128,474	128,235	95,000	33,235
Fines, forfeitures, penalties				
Fines and fees	191,142	136,083	175,000	(38,917)
Court costs	34,350	35,935	40,000	(4,065)
Total Fines, Forfeitures, Penalties	225,492	172,018	215,000	(42,982)
Use of money and property				
Rentals	55,213	53,254	53,000	254
Cemetery	17,600	15,275	15,000	275
Interest on investments	205,723	277,046	20,000	257,046
Total Use of Money & Property	278,536	345,575	88,000	257,575

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Cash receipts - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Other				
Reimbursed expense	$ 179,493	$ 101,506	$ 69,500	$ 32,006
Reimbursed NSF Checks	6,596	7,847	3,000	4,847
Miscellaneous	2,973	4,217	12,000	(7,783)
Total Other	189,062	113,570	84,500	29,070
Operating Transfers	0	0	25,000	(25,000)
Total Cash Receipts	6,088,225	6,246,430	$ 5,416,351	$ 830,079
Expenditures				
Administration				
Full time salaries	448,049	427,489	$ 422,000	$ 5,489
Part time help	17,195	18,519	19,400	(881)
Overtime	157	0	200	(200)
Other personal services	23,217	23,357	23,100	257
Professional services	0	0	15,000	(15,000)
Legal service	4,188	688	13,000	(12,312)
Telephone	6,364	6,051	8,000	(1,949)
Credit card transaction fees	16,047	0	0	0
Training, travel and dues	7,273	9,798	10,000	(202)
Legal printing	1,250	2,986	2,500	486
Advertising	1,258	2,588	1,400	1,188
Insurance	12,984	14,995	14,500	495
Utility charges	7,251	8,947	11,000	(2,053)
Other contractual	65,817	102,946	100,000	2,946
Civil defense sirens	1,627	1,606	8,000	(6,394)
Street lights	126,900	135,315	165,000	(29,685)
Chamber of commerce dues	5,000	10,000	10,000	0
General office supplies	6,834	4,518	7,000	(2,482)
Postage	4,384	5,037	5,000	37
Gifts and memorials	152	50	500	(450)
Operational supplies	3,948	1,968	3,000	(1,032)
Building and maintenance supplies	3,844	5,843	3,500	2,343
Cleaning supplies	55	164	400	(236)
Uniforms	0	20	0	20
Non sufficient funds checks	7,321	7,381	6,000	1,381
Miscellaneous	715	529	500	29
Office equipment/furniture	60	0	1,000	(1,000)
Computer equip. & software	70	1,931	500	1,431
Refunds	24	398	100	298
Sales tax	1,892	1,586	2,500	(914)
Total Administration	773,876	794,710	853,100	(58,390)

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Police Department				
Full time salaries	$ 971,223	$ 958,723	$ 1,100,000	$ (141,277)
Part time help	5,195	7,532	7,500	32
Overtime	130,454	188,306	90,000	98,306
Holiday overtime	35,214	0	35,000	(35,000)
Legal services	0	812	0	812
Telephone	20,999	27,604	20,000	7,604
Training, travel and dues	17,880	23,346	21,000	2,346
Training T&D Command Staff	4,499	4,471	4,500	(29)
Advertising	945	208	750	(542)
Insurance	34,820	43,401	38,300	5,101
Lease payments	40,966	47,000	47,000	0
Animal care	1,210	50	11,000	(10,950)
Utilities	26,885	26,142	27,000	(858)
Other services	76,249	131,248	138,000	(6,752)
Office supplies	3,153	4,543	4,200	343
Postage	805	920	1,000	(80)
Operational supplies	15,028	14,614	13,000	1,614
DARE supplies	1,552	1,684	1,700	(16)
Vehicle maintenance	18,941	14,663	9,000	5,663
Equipment maintenance	6,187	4,498	5,500	(1,002)
Building maintenance	20,612	19,591	42,000	(22,409)
Cleaning supplies	1,395	1,961	2,000	(39)
Motor fuel and lubrication	42,069	40,791	40,000	791
Uniforms	10,665	10,686	10,000	686
Enforcement equip. & supplies	19,558	29,195	22,500	6,695
Office equipment	1,940	2,232	2,000	232
Computer equip. & software	78,765	93,899	68,000	25,899
Body cameras	0	0	18,600	(18,600)
Equipment, bldg. & grounds	10,606	4,600	5,000	(400)
Motor vehicles	8,504	14,821	14,000	821
Total Police Department	1,606,319	1,717,541	1,798,550	(81,009)
Fire Department				
Full time salaries	337,730	312,110	360,800	(48,690)
Telephone	5,355	5,712	5,000	712
Travel, dues and tags	7,090	3,342	9,000	(5,658)
Insurance	19,090	20,278	21,000	(722)
Utilities	17,417	18,254	25,000	(6,746)
Other contractual	21,185	20,793	42,000	(21,207)
General office supplies	3,456	1,045	1,000	45
Postage	52	0	500	(500)
Gifts/memorials	188	4,087	500	3,587
Operational supplies	19,879	19,302	21,000	(1,698)

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Fire Department - continued				
Consumables	$ 0	$ 1,156	$ 0	$ 1,156
Vehicle maintenance	1,553	5,715	6,000	(285)
Equipment maintenance	10,528	8,173	10,000	(1,827)
Comm. equip. & maint.	6,295	1,702	4,000	(2,298)
Building maintenance	16,782	17,598	20,000	(2,402)
Cleaning supplies	54	296	1,200	(904)
Motor fuel and lubrication	2,565	2,442	4,000	(1,558)
Rural fuel	2,716	2,701	4,000	(1,299)
Uniforms	9,516	8,036	8,000	36
Protective clothing	20,054	17,407	21,000	(3,593)
Office equipment/furniture	209	574	0	574
Computer equip. & software	5,190	11,018	10,000	1,018
Total Fire Department	506,904	481,741	664,000	(118,778)
Municipal Court				
Full time salaries	92,995	94,260	97,300	(3,040)
Part time help	42,679	44,837	45,000	(163)
Legal services	97,098	70,770	90,000	(19,230)
Telephone	0	166	0	166
Training, travel and dues	722	125	1,200	(1,075)
Legal printing expense	392	0	0	0
Prisoner care	48,099	69,832	80,000	(10,168)
Other contract	10,017	8,738	16,000	(7,262)
Office supplies	896	1,616	1,600	16
Postage	850	1,310	1,250	60
Operational supplies	1,026	1,087	1,000	87
Refunds	90	0	0	0
Non sufficient funds checks	703	989	0	989
Miscellaneous	20	0	0	0
Office Equip - Furniture	329	442	500	(58)
Computer equip. &software	475	1,005	1,000	5
Total Municipal Court	296,391	295,177	334,850	(39,673)
Street Department				
Full time salaries	491,077	617,808	600,000	17,808
Part time help	0	0	6,500	(6,500)
Overtime	2,810	2,071	0	2,071
Telephone	4,322	3,433	4,400	(967)
Training, travel, dues	894	808	1,800	(992)
Advertising	0	0	500	(500)
Insurance	19,008	18,518	21,400	(2,882)
Utility charges	13,163	13,899	15,000	(1,101)

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Street Department - continued				
Other services	$ 17,531	$ 14,970	$ 16,000	$ (1,030)
Tree care	2,500	2,500	2,500	0
General office supplies	772	691	1,000	(309)
Operational supplies	26,313	19,096	27,000	(7,904)
Vehicle maintenance	3,092	6,460	8,000	(1,540)
Snow/Ice Control	14,514	13,628	14,000	(372)
Equipment maintenance	25,758	33,797	30,000	3,797
Traffic	9,327	9,145	10,000	(855)
Building maintenance	2,797	9,295	12,000	(2,705)
Construction material	35,074	28,129	35,000	(6,871)
Motor fuel and lubrication	17,949	17,051	28,000	(10,949)
Uniforms	3,658	4,461	5,000	(539)
Miscellaneous supplies	0	0	300	(300)
Office equipment furniture	500	439	500	(61)
Computer equipment/ software	1,419	1,679	2,000	(321)
Motor vehicle/equipment	31	67	0	67
Miscellaneous capital items	31,657	30,000	30,000	0
Total Street Department	724,166	847,945	870,900	(22,955)
Park and Recreation				
Full time salaries	264,661	256,536	261,400	(4,864)
Part time help	33,248	36,750	35,000	1,750
Overtime	3,908	2,855	2,000	855
Telephone	4,168	3,073	4,500	(1,427)
Training, travel and dues	777	493	1,000	(507)
Advertising	112	50	1,200	(1,150)
Insurance	14,278	19,913	15,800	4,113
Utility charges	39,960	35,673	40,000	(4,327)
Other services	48,513	46,277	45,000	1,277
Tree care	5,806	0	6,000	(6,000)
General office supplies	213	129	500	(371)
Operational supplies	12,396	9,367	14,000	(4,633)
Chemicals and fertilizer	4,856	4,292	6,500	(2,208)
Plant materials	2,080	3,040	6,000	(2,960)
Consumables	1,348	1,025	2,000	(975)
Vehicle maintenance	1,024	4,597	4,500	97
Equipment maintenance	9,024	13,904	12,000	1,904
Building maintenance	6,340	10,603	12,000	(1,397)
Construction material	949	4,552	2,500	2,052
Motor fuel and lubrication	20,095	19,746	19,000	746
Uniforms	1,390	2,096	2,000	96
Miscellaneous	0	11,366	5,000	6,366
Refunds	0	20	300	(280)

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Park and Recreation - continued				
Computer Equip/Software	$ 1,305	$ 1,556	$ 1,500	$ 56
Equipment/building & grounds	20,000	15,000	20,000	(5,000)
Motor vehicle/equipment	0	55,063	55,000	63
Total Park & Recreation	496,451	557,976	574,700	(16,724)
Cemetery				
Full time salaries	50,955	53,558	53,000	558
Overtime	2,172	2,229	2,000	229
Training, travel and dues	0	0	200	(200)
Advertising	0	155	100	55
Insurance	2,296	2,440	2,600	(160)
Lease Payments	24,821	32,000	32,000	0
Other Contractual	925	161	2,000	(1,839)
Operational supplies	1,005	241	1,500	(1,259)
Vehicle maintenance	98	120	500	(380)
Equipment maintenance	691	232	1,200	(968)
Building maintenance	1,505	6,398	8,000	(1,602)
Construction materials	0	0	3,000	(3,000)
Motor fuel and lube	3,248	3,642	3,200	442
Miscellaneous	0	2,280	0	2,280
Computer Equip/Software	0	610	0	610
Refunds	50	500	0	500
Uniforms	415	958	1,000	(42)
Total Cemetery	88,181	105,524	110,300	(4,776)
Community Development				
Full time salaries	176,281	171,490	172,400	(910)
Overtime	0	3,681	300	3,381
Professional services	600	0	10,000	(10,000)
Legal services	0	0	1,000	(1,000)
Telephone	3,119	2,087	4,000	(1,913)
Training, travel and dues	1,224	427	3,500	(3,073)
Legal printing	641	1,184	2,000	(816)
Advertising	369	496	100	396
Insurance	3,062	3,081	3,200	(119)
Other contractual	7,884	15,774	30,000	(14,226)
General office supplies	1,601	2,457	2,500	(43)
Postage	1,039	765	1,000	(235)
Operational supplies	636	1,000	1,000	0
Vehicle maintenance	218	118	1,000	(882)
Motor fuel and lubrication	807	659	2,500	(1,841)

City of Paola, Kansas

Schedule 2a

GENERAL FUND - 01
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Community Development - continued				
Uniforms	320	99	325	(226)
Miscellaneous	457	400	500	(100)
Office equipment furniture	0	90	0	90
Computer equipment & software	4,371	3,075	4,400	(1,325)
Motor Vehicle/Equipment	32	72	100	(28)
Refunds	0	0	1,000	(1,000)
Miscellaneous	0	347	500	(153)
Total Community Development	202,661	207,302	241,325	(34,023)
Economic Development				
Other Contractual			30,000	(30,000)
Miscellaneous	0	0	2,500	(2,500)
Total Economic Development	0	0	32,500	(32,500)
Operating transfers	953,000	1,008,000	1,008,000	0
Appropriated reserve	0	0	0	0
Total expenditures and transfers subject to budget	5,647,949	6,015,916 $	6,488,225 $	(408,828)
Receipts over (under) expenditures	440,276	230,514		
Unencumbered cash, January 1	1,656,933	2,097,209		
Unencumbered cash, December 31 $	2,097,209 $	2,327,723		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2b

SPECIAL PURPOSE FUNDS
LIBRARY FUND - 02
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Ad valorem property tax	$ 293,242	$ 344,687	$ 337,000	$ 7,687
Back tax collections	4,531	5,472	2,500	2,972
Motor vehicle tax	21,925	22,388	21,456	932
Total taxes	319,698	372,547	360,956	11,591
Intergovernmental				
State aid and grants	24,193	10,023	40,100	(30,077)
Use of money and property				
Interest on investments	2,837	3,099	1,000	2,099
Fines and fees	967	1,045	700	345
Other				
Miscellaneous	8,484	5,898	4,700	1,198
Total cash receipts	356,179	392,612	$ 407,456	$ (14,844)
Expenditures				
Regular salaries	119,665	154,546	$ 139,300	$ 15,246
Temporary help	65,035	49,782	74,500	(24,718)
Library pages	26,331	33,481	32,300	1,181
Overtime	423	735	1,000	(265)
Unemployment benefits	152	236	0	236
Telephone services	2,756	2,983	2,200	783
Training	1,571	1,290	1,400	(110)
Advertising	693	515	900	(385)
Insurance and bond premiums	8,572	9,330	9,300	30
Utility charges	10,794	12,152	11,300	852
Other services	21,153	24,373	18,400	5,973
Office supplies	1,381	1,513	1,700	(187)
Postage	369	388	340	48
Operation supplies	5,046	3,111	4,000	(889)
Building maintenance supplies	5,506	7,193	9,500	(2,307)
Cleaning supplies	891	240	750	(510)
Library media	17,521	15,448	20,000	(4,552)
Library materials	1,740	1,806	2,000	(194)
Children's programming	1,020	994	1,000	(6)
Miscellaneous	26	0	0	0
Finance charges	143	78	0	78

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2b

SPECIAL PURPOSE FUNDS
LIBRARY FUND - 02
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)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Expenditures - continued				
Computer equipment & software	$ 1,567	$ 3,982	$ 5,000	$ (1,018)
Library books	8,286	8,546	8,600	(54)
Total expenditures	300,641	332,722	343,490	(10,768)
Operating transfers	68,000	81,300	81,300	0
Appropriated reserve	0	0	16,527	(16,527)
Total expenditures and transfers subject to budget	368,641	414,022	$ 441,317	$ (27,295)
Receipts over (under) expenditures	(12,462)	(21,410)		
Unencumbered cash, January 1	68,360	55,898		
Unencumbered cash, December 31	$ 55,898	$ 34,488		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
EMPLOYEE BENEFIT FUND - 05
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Ad valorem property tax	$ 358,023	$ 373,180	$ 365,000	$ 8,180
Back tax collections	4,543	5,742	3,000	2,742
Motor vehicle tax	20,317	26,715	26,192	523
Total taxes	382,883	405,637	394,192	11,445
Use of money and property				
Interest on investments	12,101	12,851	1,000	11,851
Other				
Reimbursements	64,398	61,649	45,000	16,649
Operating transfers	953,000	974,200	974,200	0
Total cash receipts	1,412,382	1,454,337	$ 1,414,392	$ 39,945
Expenditures				
Final Benefits Payout	97,787	51,202	$ 150,000	$ (98,798)
HRA	16,918	14,290	35,000	(20,710)
Health Premiums	387,391	360,567	450,000	(89,433)
Cobra Insurance Premiums	0	0	30,000	(30,000)
Worker's compensation	99,558	0	65,000	(65,000)
FICA employer's contributions	277,128	279,302	300,000	(20,698)
KPERS employer's contributions	459,477	498,022	500,000	(1,978)
Section 125 payments	23,276	29,750	36,000	(6,250)
Unemployment	2,582	7,698	6,500	1,198
Training, travel, dues	329	299	2,000	(1,701)
Insurance	7,754	8,903	8,600	303
Employee assistance	8,641	13,669	12,000	1,669
Other contractual	2,265	10,722	2,000	8,722
Operational supplies	0	0	500	(500)
Miscellaneous	34,924	1,167	0	1,167
Employee development	6,864	2,072	27,000	(24,928)
Total expenditures	1,424,894	1,277,663	1,624,600	(346,937)
Appropriated reserve	0	0	104,601	(104,601)
Total expenditures subject to budget	1,424,894	1,277,663	$ 1,729,201	$ (451,538)
Receipts over (under) expenditures	(12,512)	176,674		
Unencumbered cash, January 1	531,211	518,699		
Unencumbered cash, December 31	$ 518,699	$ 695,373		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
FAMILY AQUATICS CENTER FUND - 07
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Sales Tax	$ 1,804	$ 0	$ 1,100	$ (1,100)
Charges for services				
Season passes	14,375	12,945	13,000	(55)
Gate receipts	25,726	28,693	20,000	8,693
Coupon books	6,150	5,059	3,000	2,059
Concessions	19,582	21,061	10,000	11,061
Lessons	3,530	3,401	3,000	401
Total charges for services	69,363	71,159	49,000	22,159
Use of money and property				
Rentals	5,600	7,600	3,000	4,600
Interest on investments	1,515	1,563	200	1,363
Total use of money & property	7,115	9,163	3,200	5,963
Operating transfers	100,000	100,000	100,000	0
Total cash receipts	178,282	180,322	$ 153,300	$ 27,022
Expenditures				
Regular Salaries	9,286	0	$ 0	$ 0
Temporary help	68,033	78,687	95,000	(16,313)
Overtime	7,490	4,270	5,000	(730)
Professional services	0	0	500	(500)
Telephone	1,626	803	1,500	(697)
Training, travel, dues	0	18	2,400	(2,382)
Advertising	1,286	1,317	2,000	(683)
Insurance	5,889	6,359	6,500	(141)
Utilities	15,229	17,368	14,000	3,368
Other contractual	5,506	5,974	5,600	374
General office supplies	0	14	200	(186)
Operational supplies	17,608	23,298	15,000	8,298
Equipment maintenance	277	0	1,000	(1,000)
Building & maintenance	0	240	1,000	(760)
Cleaning	264	142	300	(158)
Uniforms	3,005	2,963	2,000	963
Concession supplies	9,958	10,345	10,000	345
Equipment and plant	2,386	859	10,000	(9,141)

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
FAMILY AQUATICS CENTER FUND - 07
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)

	2024 Actual	2025 Actual	2025 Budget	Variance Over (Under)
Expenditures - continued				
Miscellaneous	$ 88	$ 92	$ 0	$ 92
Sales tax	1,908	0	2,400	(2,400)
Total expenditures	149,839	152,749	174,400	(21,651)
Operating transfers	25,000	25,000	25,000	0
Appropriated reserve	0	0	69,457	(69,457)
Total expenditures and transfers subject to budget	174,839	177,749	$ 268,857	$ (91,108)
Receipts over (under) expenditures	3,443	2,573		
Unencumbered cash, January 1	104,046	107,489		
Unencumbered cash, December 31	$ 107,489	$ 110,062		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
COMMUNITY CENTER - 08
SCHEDULE 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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Charges for services				
Rentals	$ 21,331	$ 27,477	$ 30,000	$ (2,523)
Concessions	591	1,212	500	712
Ticket sales	2,513	5,853	5,000	853
Program and events	3,995	5,022	3,000	2,022
Total charges for services	28,430	39,564	38,500	1,064
Use of money and property				
Interest on investments	296	324	100	224
Fines and fees	193	169	0	169
Other				
Reimbursed expenses	922	0	0	0
Miscellaneous	50	185	1,000	(815)
Sales Tax	288	659	100	559
Total other	1,260	844	1,100	(256)
Operating transfers	83,000	83,000	83,000	0
Total cash receipts	113,179	123,901	$ 122,700	$ 1,201
Expenditures				
Full time salaries	45,803	58,996	$ 58,800	$ 196
Telephone	2,718	1,237	2,600	(1,363)
Training and travel	285	48	600	(552)
Advertising	186	1,028	1,000	28
Insurance	15,943	17,374	17,600	(226)
Utilities	11,042	12,322	14,000	(1,678)
Other contractual	7,629	7,074	6,000	1,074
Event and program costs	5,434	13,660	10,000	3,660
General office supplies	244	107	300	(193)
Postage	0	0	200	(200)
Gifts/memorials	0	56	100	(44)
Operating supplies	839	499	1,500	(1,001)
Building maintenance	5,304	2,570	6,000	(3,430)
Cleaning supplies	147	59	500	(441)
Non Sufficient Funds Checks	0	0	100	(100)

City of Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
COMMUNITY CENTER - 08
SCHEDULE 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)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Expenditures - continued				
Concession supplies	$ 354	$ 348	$ 300	$ 48
Office Equip. Furniture	0	18	100	(82)
Miscellaneous	0	250	50	200
Computer equipment and software	59	92	100	(8)
Sales tax	281	555	100	455
Real Estate taxes	142	142	300	(158)
Refunds	108	0	150	(150)
Total expenditures	96,518	116,435	120,400	(3,965)
Operating transfers	5,000	15,000	15,000	0
Appropriated reserve	0	0	5,113	(5,113)
Total expenditures and transfers subject to budget	101,518	131,435	$ 140,513	$ (9,078)
Receipts over (under) expenditures	11,661	(7,534)		
Unencumbered cash, January 1	9,714	21,375		
Unencumbered cash, December 31	$ 21,375	$ 13,841		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2f

SPECIAL PURPOSE FUNDS
STORM WATER MANAGEMENT - 12
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Charges for services				
Storm water management fees	$ 88,781	$ 89,033	$ 85,000	$ 4,033
Use of money and property				
Interest on investments	6,395	6,514	0	6,514
Other				
KS Setoff reimbursement	0	6	0	6
Total cash receipts	95,176	95,553	$ 85,000	$ 10,553
Expenditures				
Lease payments	7,350	7,350	$ 7,500	$ (150)
Professional Services	0	0	20,000	(20,000)
Other contractual	0	1,015	5,000	(3,985)
Construction materials	20,857	671	30,000	(29,329)
Equipment/plant	0	0	2,500	(2,500)
Storm water construction	49,409	12,741	25,000	(12,259)
Total expenditures	77,616	21,777	90,000	(68,223)
Appropriated reserve	0	0	327,184	(327,184)
Total expenditures and transfers subject to budget	77,616	21,777	$ 417,184	$ (395,407)
Receipts over (under) expenditures	17,560	73,776		
Unencumbered cash, January 1	337,184	354,744		
Unencumbered cash, December 31	$ 354,744	$ 428,520		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
SPECIAL PARK AND RECREATION FUND - 14
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Intergovernmental				
Local liquor tax	$ 20,585	$ 21,272	$ 23,000	$ (1,728)
Use of money and property				
Interest on investment	64	80	0	80
Total cash receipts	20,649	21,352	$ 23,000	$ (1,648)
Expenditures				
Other contractual	4,657	1,886	$ 4,000	$ (2,114)
Operational supplies	992	1,184	1,500	(316)
Equip/Bldg. & Grounds	14,185	14,791	16,000	(1,209)
Total expenditures	19,834	17,861	21,500	(3,639)
Appropriated reserve	0	0	3,859	(3,859)
Total expenditures subject to budget	19,834	17,861	$ 25,359	$ (7,498)
Receipts over (under) expenditures	815	3,491		
Unencumbered cash, January 1	6,859	7,674		
Unencumbered cash, December 31	$ 7,674	$ 11,165		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
STREET REPAIR - SPECIAL HIGHWAY FUND - 17
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Gas tax	$ 156,563	$ 157,167	$ 154,740	$ 2,427
Use of money and property				
Interest on investments	3,278	3,700	0	3,700
Total cash receipts	159,841	160,867	$ 154,740	$ 6,127
Expenditures				
Construction material	150,000	150,000	$ 150,000	$ 0
Total expenditures	150,000	150,000	150,000	0
Appropriated reserve	0	0	204,585	(204,585)
Total expenditures subject to budget	150,000	150,000	$ 354,585	$ (204,585)
Receipts over (under) expenditures	9,841	10,867		
Unencumbered cash, January 1	195,105	204,946		
Unencumbered cash, December 31	$ 204,946	$ 215,813		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
SPECIAL LAW ENFORCEMENT ACCOUNT - 18
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 Actual	2025 Actual
Cash receipts		
Use of money and property		
Interest on investment	$ 86	$ 80
Total cash receipts	86	80
Expenditures		
Miscellaneous	0	0
Total expenditures	0	0
Receipts over (under) expenditures	86	80
Unencumbered cash, January 1	4,584	4,670
Unencumbered cash, December 31	$ 4,670	$ 4,750

City of Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
TRANSIENT GUEST TAX - 20
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Transient guest tax	$ 40,011	$ 42,334	$ 30,000	$ 12,334
Use of money and property				
Interest on investment	714	560	0	560
Total cash receipts	40,725	42,894	$ 30,000	$ 12,894
Expenditures				
Advertising	175	190	$ 200	$ (10)
Economic Development Chamber	15,000	10,000	10,000	0
Promotional campaigns	39,100	35,000	35,000	0
Other	934	246	1,000	(754)
Total expenditures	55,209	45,436	46,200	(764)
Appropriated reserve	0	0	5,963	(5,963)
Total expenditures and transfers subject to budget	55,209	45,436	$ 52,163	$ (6,727)
Receipts over (under) expenditures	(14,484)	(2,542)		
Unencumbered cash, January 1	52,372	37,888		
Unencumbered cash, December 31	$ 37,888	$ 35,346		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
FAMILY AQUATICS CENTER EQUIPMENT RESERVE - 23
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 Actual	2025 Actual
Cash receipts		
Taxes		
City Sales Tax	$ 137,500	$ 162,500
Use of money and property		
Interest on investments	3,500	3,786
Total cash receipts	141,000	166,286
Expenditures		
Operating transfers	100,000	100,000
Total expenditures and transfers	100,000	100,000
Receipts over (under) expenditures	41,000	66,286
Unencumbered cash, January 1	138,714	179,714
Unencumbered cash, December 31	$ 179,714	$ 246,000

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2l

SPECIAL PURPOSE FUNDS
COVID-19 - 26
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 Actual	2025 Actual
Cash receipts		
Intergovernmental		
State Grants	$ 0	$ 0
Total cash receipts	0	0
Expenditures		
Advertising	140	232
Other contractual	315,181	2,000
Operating supplies	11,162	25,471
Construction materials	99,118	47,703
Other	2,008	0
Total expenditures	427,609	75,406
Receipts over (under) expenditures	(427,609)	(75,406)
Unencumbered cash, January 1	507,609	80,000
Unencumbered cash, December 31	$ 80,000	$ 4,594

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
BOND ISSUE
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 Actual	2025 Actual
Cash receipts		
Other		
Interest Income	$ 79,650	$ 35,767
Reimbursed expense	177	500,000
Total cash receipts	79,827	535,767
Expenditures		
Other contractual	1,487,637	0
Construction materials	0	527,818
Miscellaneous	74	0
Total expenditures	1,487,711	527,818
Total expenditures and transfers	1,487,711	527,818
Receipts over (under) expenditures	(1,407,884)	7,949
Unencumbered cash, January 1	2,740,531	1,332,647
Unencumbered cash, December 31	$ 1,332,647	$ 1,340,596

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
ESCROW FUND - 46
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 Actual	2025 Actual
Cash receipts		
Escrow receipts	$ 36,367	$ 1,020
Total cash receipts	36,367	1,020
Expenditures		
Interest Expense	0	1,624
Escrow disbursements	460	35,807
Total expenditures	460	37,431
Receipts over (under) expenditures	35,907	(36,411)
Unencumbered cash, January 1	2,970	38,877
Unencumbered cash, December 31	$ 38,877	$ 2,466

City of Paola, Kansas

Schedule 2o

SPECIAL PURPOSE FUNDS
MENNENOAH CEMETERY - 47
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 Actual	2025 Actual
Cash receipts		
Use of money and property		
Interest on investment	$ 44	$ 40
Total cash receipts	44	40
Expenditures		
Other Contractual	0	0
Total expenditures	0	0
Receipts over (under) expenditures	44	40
Unencumbered cash, January 1	2,321	2,365
Unencumbered cash, December 31	$ 2,365	$ 2,405

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
SPECIAL GRANTS FUND - 70
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 Actual	2025 Actual
Cash receipts		
Intergovernmental		
Grants	$ 51,057	$ 150,190
Use of money and property		
Donations / Gifts / Miscellaneous	2,618	1,852
Total cash receipts	53,675	152,042
Expenditures		
Professional services	0	4,846
Other contractuals	0	10,826
Construction materials	0	15
Library materials	54,107	35,767
Children's programming	400	10,642
Other contractual	370	0
Equipment	4,450	0
Equip/bldg & grounds	0	4,995
Special grants	0	19,665
Enforcement equip/supplies	0	1,420
Other	1,908	1,618
Total expenditures	61,235	89,794
Receipts over (under) expenditures	(7,560)	62,248
Unencumbered cash, January 1	16,532	8,972
Unencumbered cash, December 31	$ 8,972	$ 71,220

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
DRUG ENFORCEMENT ACCOUNT
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 Actual	2025 Actual
Cash receipts		
Other		
Reimbursement	$ 0	$ 0
Expenditures		
Other services	0	70
Receipts over (under) expenditures	0	(70)
Unencumbered cash, January 1	1,335	1,335
Unencumbered cash, December 31	$ 1,335	$ 1,265

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2r

DEBT SERVICE FUND
BOND & INTEREST - 06
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Taxes				
Ad valorem property tax	$ 392,244	$ 306,521	$ 300,000	$ 6,521
Back tax collections	5,803	6,849	3,000	3,849
Motor vehicle tax	29,413	30,380	28,000	2,380
Special assessments	8,241	7,355	0	7,355
Total taxes	435,701	351,105	331,000	20,105
Use of money and property				
Interest on investments	43,994	44,639	5,000	39,639
Total use of money and property	43,994	44,639	5,000	39,639
Operating transfers	1,102,450	1,130,650	1,130,650	0
Total cash receipts	1,582,145	1,526,394	$ 1,466,650	$ 59,744
Expenditures				
Bond principal	1,065,000	1,100,000	$ 1,100,000	$ 0
Interest expense	449,187	412,150	412,150	0
Administrative expense	0	2,020	0	2,020
Total expenditures	1,514,187	1,514,170	1,512,150	2,020
Appropriated reserve	0	0	330,983	(330,983)
Total expenditures subject to budget	1,514,187	1,514,170	$ 1,843,133	$ (328,963)
Receipts over (under) expenditures	67,958	12,224		
Unencumbered cash, January 1	354,521	422,479		
Unencumbered cash, December 31	$ 422,479	$ 434,703		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2s

CAPITAL PROJECTS FUNDS
EQUIPMENT REPLACEMENT - 80
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 Actual	2025 Actual
Cash receipts		
Intergovernmental		
Grants	$ 0	$ 0
Other		
Sale of surplus equipment	13,050	29,900
Reimbursed expenses	0	236,649
Miscellaneous	2,080	3,390
Total other	15,130	269,939
Operating Transfers	90,000	35,000
Total cash receipts	105,130	304,939
Expenditures		
Miscellaneous	3,600	0
Equipment/plant	119,422	178,780
Motor vehicle	0	236,764
Total expenditures	123,022	415,544
Receipts over (under) expenditures	(17,892)	(110,605)
Unencumbered cash, January 1	315,101	297,209
Unencumbered cash, December 31	$ 297,209	$ 186,604

City of Paola, Kansas

Schedule 2t

CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS - 90
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 Actual	2025 Actual
Cash receipts		
Taxes and shared revenues		
City sales tax	$ 1,563,784	$ 1,465,191
Other		
Interest	31,571	27,132
Miscellaneous/rentals	1,470	200
Reimbursements	15,677	80,748
Grants	71,823	73,288
Donations and gifts	1,301	0
Total other	121,842	181,368
Operating transfers	55,000	220,684
Total cash receipts	1,740,626	1,867,243
Expenditures		
Construction materials	223,261	238,726
Other contractual	58,997	296,610
Motor Vehicle/Equipment	8,123	29,098
Equip/Bldg. & Grounds	4,149	69,858
Capital improvements	32,576	0
Professional services	17,214	157,417
Other	339,673	23,771
Total expenditures	683,993	815,480
Operating transfers	640,900	720,584
Total expenditures and transfers	1,324,893	1,536,064
Receipts over (under) expenditures	415,733	331,179
Unencumbered cash, January 1	2,854,328	3,270,061
Unencumbered cash, December 31	$ 3,270,061	$ 3,601,240

City of Paola, Kansas

Schedule 2u

BUSINESS FUNDS
SEWER SERVICE FUND - 04
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Charges for services				
Inspection charges	$ 700	$ 1,500	$ 1,000	$ 500
Sewer service charges	1,319,875	1,332,613	1,250,000	82,613
Total charges for services	1,320,575	1,334,113	1,251,000	83,113
Use of money and property				
Interest on investments	18,460	19,657	1,000	18,657
Other				
Reimbursed expenses	5,377	2,371	2,000	371
Total cash receipts	1,344,412	1,356,141	$ 1,254,000	$ 102,141
Expenditures				
Administration				
Salaries	0	0	$ 0	$ 0
Overtime	0	0	0	0
Telephone services	2,088	713	1,200	(487)
Insurance	39,705	42,379	42,500	(121)
Other contractual	6,469	12,372	6,000	6,372
General office supplies	932	544	1,000	(456)
Refunds	0	208	0	208
Postage	5,907	6,691	6,500	191
Total administration	55,101	62,907	57,200	5,707
Production				
Full time salaries	28,425	89,841	115,000	(25,159)
Overtime	1,115	981	4,000	(3,019)
Telephone services	1,603	1,504	1,300	204
Training, travel, dues	365	247	2,000	(1,753)
Advertising	375	0	0	0
Utilities	88,338	102,618	103,000	(382)
Testing and analytical	5,562	9,330	8,500	830
Other contractual	21,249	33,080	32,000	1,080
General office supplies	227	124	400	(276)
Operational supplies	11,970	13,862	20,000	(6,138)
Vehicle maintenance	76	949	1,500	(551)
Equipment maintenance	1,790	1,441	2,000	(559)
Building maintenance	997	151	2,500	(2,349)
Motor fuel and lubricants	2,120	2,641	3,000	(359)
Uniforms	148	405	1,000	(595)

City of Paola, Kansas

Schedule 2u

BUSINESS FUNDS
SEWER SERVICE FUND - 04
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Production - continued				
Miscellaneous	$ 159	$ 0	$ 10,000	$ (10,000)
Computer Equipment and Software	1,151	7,811	6,000	1,811
Equipment, Plant	36,668	27,576	30,000	(2,424)
Equipment, building and grounds	1,468	7,692	8,000	(308)
Total production	203,806	300,253	350,200	(49,947)
Distribution				
Full time salaries	168,415	137,100	163,200	(26,100)
Overtime	10,391	6,853	15,000	(8,147)
Telephone services	3,089	3,071	2,500	571
Training, travel, dues	695	479	1,500	(1,021)
Advertising	744	0	500	(500)
Utilities	6,137	5,461	13,600	(8,139)
Other contractual	19,535	16,882	18,000	(1,118)
General office supplies	196	68	500	(432)
Operational supplies	11,672	14,501	16,000	(1,499)
Vehicle maintenance	243	1,305	4,000	(2,695)
Equipment maintenance	9,839	16,300	15,000	1,300
Building maintenance	2,293	8,923	12,000	(3,077)
Construction materials	5,428	3,768	5,000	(1,232)
Motor fuel and lubricants	12,808	11,103	14,000	(2,897)
Uniforms	625	853	1,000	(147)
Computer equipment and software	1,305	946	600	346
Motor vehicle/equipment	20,000	20,000	20,000	0
Equipment, building and grounds	2,615	0	5,000	(5,000)
Distribution lines	43,019	94,544	100,000	(5,456)
Total distribution	319,049	342,157	407,400	(65,243)
Operating transfers	591,550	610,550	610,550	0
Appropriated reserve	0	0	600,168	(600,168)
Total expenditures and transfers subject to budget	1,169,506	1,315,867	$ 2,025,518	$ (709,651)
Receipts over (under) expenditures	174,906	40,274		
Unencumbered cash, January 1	935,523	1,110,429		
Unencumbered cash, December 31	$ 1,110,429	$ 1,150,703		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2v

BUSINESS FUNDS
WATER UTILITY FUND - 09
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Charges for services				
Sale of water	$ 2,376,383	$ 2,375,914	$ 2,000,000	$ 375,914
Water for resale	972	320	2,000	(1,680)
Sales tax	40,018	37,556	30,000	7,556
Tank sales	10,495	8,107	7,000	1,107
Installation charges	15,950	34,650	10,000	24,650
Connection fees	9,590	8,025	8,000	25
Total charges for services	2,453,408	2,464,572	2,057,000	407,572
Use of money and property				
Rentals	75	722	0	722
Interest on investments	13,463	18,772	500	18,272
Total use of money and property	13,538	19,494	500	18,994
Other				
Reimbursed expenses	19,420	11,593	4,000	7,593
KS setoff reimbursement	3,310	2,063	4,000	(1,937)
Miscellaneous	0	0	350	(350)
Long/short	5	0	0	0
	22,735	13,656	8,350	5,306
Total cash receipts	2,489,681	2,497,722	$ 2,065,850	$ 431,872
Expenditures				
Administration				
Telephone services	663	646	$ 600	$ 46
Advertising	0	62	0	62
Insurance and bonds	15,374	16,936	17,200	(264)
Other contractual	6,256	12,818	5,600	7,218
General office supplies	932	544	900	(356)
Postage	5,907	6,691	6,600	91
Operational supplies	1,313	3,148	0	3,148
Miscellaneous	55	0	0	0
Refunds	286	661	0	661
Sales tax remittance	53,908	57,081	50,000	7,081
Total administration	84,694	98,587	80,900	17,687

City of Paola, Kansas

Schedule 2v

BUSINESS FUNDS
WATER UTILITY FUND - 09
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)

		2025		
Expenditures - continued	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Production				
Training, travel, dues	$ 0	$ 0	$ 0	$ 0
Utilities	8,065	89	0	89
Water purchase	1,825,618	1,822,632	1,800,000	22,632
Total production	1,833,683	1,822,721	1,800,000	22,721
Distribution				
Full time salaries	0	92,109	136,800	(44,691)
Overtime	0	3,435	9,000	(5,565)
Tank maintenance	10,686	10,686	10,700	(14)
Telephone services	3,480	2,012	3,000	(988)
Training, travel, dues	2,120	2,064	2,700	(636)
Advertising	0	0	700	(700)
Utilities	1,113	4,251	7,700	(3,449)
Testing analytical	2,872	2,920	3,500	(580)
Other contractual	23,876	17,296	20,000	(2,704)
General office supplies	179	330	500	(170)
Operational supplies	42,505	42,341	40,000	2,341
Vehicle maintenance	271	2,008	4,000	(1,992)
Equipment maintenance	6,267	9,821	9,000	821
Building and maintenance	2,989	8,698	12,000	(3,302)
Construction materials	23,654	21,950	30,000	(8,050)
Motor fuel and lubrication	3,448	9,279	14,000	(4,721)
Uniforms	307	747	1,000	(253)
Office equipment/furniture	159	0	0	0
Computer equipment and software	1,305	946	1,000	(54)
Motor vehicle/equipment	20,000	20,000	20,000	0
Distribution lines	0	70,063	100,000	(29,937)
Total distribution	145,231	320,956	425,600	(104,644)

City of Paola, Kansas

Schedule 2v

BUSINESS FUNDS
WATER UTILITY FUND - 09
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)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Expenditures - continued				
Operating transfers	$ 7,000	$ 40,100	$ 40,100	$ 0
Appropriated reserve	0	0	341,212	(341,212)
Total expenditures and transfers subject to budget	2,070,608	2,282,364	$ 2,687,812	$ (405,448)
Receipts over (under) expenditures	419,073	215,358		
Unencumbered cash, January 1	563,012	982,085		
Unencumbered cash, December 31	$ 982,085	$ 1,197,443		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2w

BUSINESS FUNDS
HEALTH AND SANITATION FUND - 13
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)

		2025		
Cash receipts	**2024 Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Charges for services				
Haulers' permits	$ 1,800	$ 3,150	$ 1,500	$ 1,650
Landfill charges and collections	483,288	487,027	475,000	12,027
Total charges for services	485,088	490,177	476,500	13,677
Use of money and property				
KS setoff reimbursement	197	255	0	255
Interest on investments	1,836	2,027	0	2,027
Total use of money & property	2,033	2,282	0	2,282
Fees	743	615	0	615
Total cash receipts	487,864	493,074	$ 476,500	$ 16,319
Expenditures				
Advertising	465	465	$ 500	$ (35)
Insurance	1,617	1,870	1,800	70
Other contractual	453,050	481,389	470,000	11,389
General office supplies	932	544	600	(56)
Total expenditures	456,064	484,268	472,900	11,368
Operating transfers	0	0	25,000	(25,000)
Appropriated reserve	0	0	54,452	(54,452)
Total expenditures and transfers subject to budget	456,064	484,268	$ 552,352	$ (68,084)
Receipts over (under) expenditures	31,800	8,806		
Unencumbered cash, January 1	92,153	123,953		
Unencumbered cash, December 31	$ 123,953	$ 132,759		

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2x

BUSINESS FUNDS
WATER TREATMENT PLANT FUND - 15
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)

	2024 Actual	2025 Actual
Cash receipts		
Charges for services		
Miscellaneous	$ 7,106	$ 0
Use of money and property		
Bond proceeds	0	1,076,609
Interest	4,104	5,514
Total use of money & property	4,104	1,082,123
Operating transfers	7,000	7,000
Total cash receipts	18,210	1,089,123
Expenditures		
Other contractuals	0	42,628
Miscellaneous	3,757	10,547
Mains and meters	0	91,165
Capital improvement	7,106	0
Total expenditures and transfers	10,863	144,340
Receipts over (under) expenditures	7,347	944,783
Unencumbered cash, January 1	210,864	218,211
Unencumbered cash, December 31	$ 218,211	$ 1,162,994

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 2y

BUSINESS FUNDS
WASTEWATER TREATMENT PLANT - 16
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 Actual	2025 Actual
Cash receipts		
Charges for services		
Connection & disconnect fees	$ 19,313	$ 47,063
Use of money and property		
Interest income	12,645	10,964
Other		
Reimbursed expense	10,467	200
Miscellaneous	38,495	0
Operating transfers	0	50,000
Total cash receipts	80,920	108,227
Expenditures		
Operational supplies	7,316	0
Construction materials	1,741	0
Equipment/Plant	273,368	9,668
Total expenditures	282,425	9,668
Operating transfer	0	0
Total expenditures and transfers	282,425	9,668
Receipts over (under) expenditures	(201,505)	98,559
Unencumbered cash, January 1	788,835	587,330
Unencumbered cash, December 31	$ 587,330	$ 685,889

See Independent Auditor's Report.

City of Paola, Kansas

Schedule 3

AGENCY FUNDS
SCHEDULE OF RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
For the Year Ended December 31, 2025

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Police bond	$ 15,181	$ 289,648	$ 289,469	$ 15,360
Payroll withholding	6,431	390,193	388,910	7,714
TIF/CID	627,037	75,282	654,796	47,523
TIF/Taxes	55,644	77,096	102,034	30,706
	$ 704,293	$ 832,219	$ 1,435,209	$ 101,303

See Independent Auditor's Report.