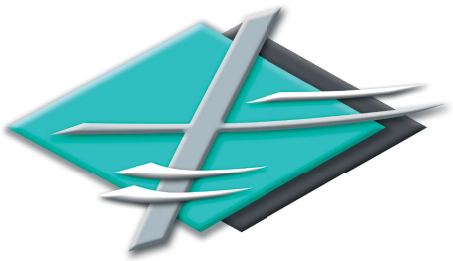
CITY OF CUNNINGHAM, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2025



LOYD GROUP, LLC

Certified Public Accountants

CITY OF CUNNINGHAM, KANSAS
CITY OF THE THIRD CLASS
For the Year Ended December 31, 2025

Aaron Murphy, Mayor

CITY COUNCIL

Jason Ruckle

Tim Schultz

Bart Ricke

Craig Woodard

Tanner Newell

CITY OFFICERS

Molly Morgan, Clerk

Greg Graffman, Attorney

Mesa Sallee, Superintendent

Eric Meyers, Treasurer

CITY OF CUNNINGHAM, KANSAS

For the Year Ended December 31, 2025

TABLE OF CONTENTS

		Page Numbers
	Independent Auditor's Report	1 – 3
	FINANCIAL SECTION	
Statement 1	Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	4
	Notes to Financial Statement	5 – 9
	REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	Summary of Expenditures – Actual and Budget – Regulatory Basis	10
Schedule 2	Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	
	General Fund	
2-1	General Fund	11 – 12
	Special Purpose Funds	
2-2	Library Fund	13
2-3	Employee Benefits Fund	14
2-4	Special Highway Fund	15
	Bond and Interest Fund	
2-5	Bond and Interest Fund	16
	Capital Project Funds	
2-6	Capital Improvement Fund	17
2-7	Equipment Reserve Fund	18
	Business Funds	
2-8	Sewer Utility Fund	19
2-9	Water Utility Fund	20

LOYD GROUP, LLC

520 S. Main Street
P.O. Box 7
Galva, KS 67443
620-654-7565
www.loyd-group.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cunningham, Kansas 67035

Adverse and Unmodified Opinions

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

Basis for Adverse and Unmodified Opinions

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

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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, expenditures-actual and budget and schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Cunningham, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued their report thereon dated April 25, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and their accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipalservices. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for 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 statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
May 26, 2026

CITY OF CUNNINGHAM, KANSAS

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

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 205,608	$ 486,909	$ 506,373	$ 186,144	$ -	$ 186,144
SPECIAL PURPOSE FUNDS:						
Library Fund	-	14,640	14,640	-	-	-
Employee Benefits Fund	2,653	20,266	19,567	3,352	-	3,352
Special Highway Fund	26,442	11,020	-	37,462	-	37,462
Total Special Purpose Funds	29,095	45,926	34,207	40,814	-	40,814
BOND AND INTEREST FUND:						
Bond and Interest Fund	58,729	70,319	38,738	90,310	-	90,310
CAPITAL PROJECT FUNDS:						
Capital Improvement Fund	230,664	68,155	52,000	246,819	-	246,819
Equipment Reserve Fund	24,640	-	-	24,640	-	24,640
Total Capital Projects Funds	255,304	68,155	52,000	271,459	-	271,459
BUSINESS FUNDS:						
Sewer Utility Fund	30,305	66,571	78,572	18,304	-	18,304
Water Utility Fund	90,253	138,282	170,577	57,958	-	57,958
Total Business Funds	120,558	204,853	249,149	76,262	-	76,262
Total Reporting Entity	$ 669,294	$ 876,162	$ 880,467	$ 664,989	$ -	$ 664,989

COMPOSITION OF CASH:	
Cash on hand	$ 162
Cash in bank, Ninnescah Valley Bank, Checking	115,285
Cash in bank, Ninnescah Valley Bank, Savings	549,542
Total Reporting Entity	$ 664,989

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

CITY OF CUNNINGHAM, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Cunningham is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Cunningham (the municipal financial reporting entity) and its related municipal entity. The City has elected not to include the related municipal entity even though it was established to benefit the City and/or its constituents.

Library Board. The Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices.

(b) Regulatory Basis Fund Types

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

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

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment 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 in part by fees charged to users of the goods or services (i.e. water fund, electric fund, 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 municipal reporting entity, scholarship funds, etc.).

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

(c) 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 City 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 City to use the regulatory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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 budget amendments for the year 2025; General Funds and Employee Benefits.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for Capital Project Funds, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

There were outstanding checks over two years noted in one of the City's banks accounts. This is a violation of K.S.A. 10-815 which states checks outstanding for two years or more should be cancelled and restored.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable 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.

3. DEPOSITS AND INVESTMENTS (CONT.)

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.

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. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits was $664,827 and the bank balance was $688,526. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $250,200 was covered by federal depository insurance and the remaining $438,326 was collateralized with securities held by the pledging financial institutions' 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 possession of an outside party. State statutes require investments to be adequately secured.

4. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Series 2012	.50-2.20%	11/15/2012	$ 550,000	12/1/2027	$ 120,000	$ -	$ 40,000	$ 80,000	$ 2,640
Kansas Revolving Loan Fund:									
Kansas Public Waste Supply Loan	2.38%	6/17/2020	300,000	8/1/2040	241,701	-	13,063	228,638	4,841
Finance Lease									
City Truck	2.90%	3/19/2021	40,950	3/19/2028	19,525	-	5,970	13,555	494
Total Contractual Indebtedness					$ 381,226	$ -	$ 59,033	$ 322,193	$ 7,975

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	2031 to 2035	2036 to 2040	Total
Principal:								
General Obligation Bonds:								
Series 2012	$ 40,000	$ 40,000	$ -	$ -	$ -	$ -	$ -	$ 80,000
Kansas Revolving Loan Fund:								
Kansas Public Waste Supply	13,375	13,696	14,024	14,359	14,703	78,967	79,514	228,638
Finance Lease								
City Truck	6,149	6,332	1,074	-	-	-	-	13,555
Total Principal	59,524	60,028	15,098	14,359	14,703	78,967	79,514	322,193
Interest:								
General Obligation Bonds:								
Series 2012	1,760	880	-	-	-	-	-	2,640
Kansas Revolving Loan Fund:								
Kansas Public Waste Supply	4,574	4,301	4,021	3,735	3,441	12,557	4,099	36,728
Finance Lease								
City Truck	316	133	4	-	-	-	-	453
Total Interest	6,650	5,314	4,025	3,735	3,441	12,557	4,099	39,821
Total Principal and Interest	$ 66,174	$ 65,342	$ 19,123	$ 18,094	$ 18,144	$ 91,524	$ 83,613	$ 362,014

5. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas Law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. 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, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, 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 and KPERS 2 and 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 9.7% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $9,232 for the year ended December 31, 2025.

Net Pension Liability. At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $76,582. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in 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.

(a) 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 retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified 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.

(b) Death and Disability Other Post Employment Benefits

K.S.A. 74-4927, disabled members in KPERS receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(c) Compensated Absences

After a 90-day probationary period, each full-time employee is allowed ten sick days and 2 personal days each year of employment. A total of sixty days sick leave can be accumulated. Part-time employees and termporary employees are not entitled to sick leave unless agreed to by the City Council. No sick leave exceeding two consecutive days will be allowed unless a statement from a doctor certifies that the sickness prevented the employee from working. Any unsued accumulated sick leave may be used by an employee during their employment with the City and if employment is served, the unused accumulated amount is not paid to the employee. Therefore, accumulated sick leave has not been accrued.

(d) Other Employee Benefits

Vacation - All full-time employees of the City are entitled to paid vacation. After one full year of employment, employees are entitled to ten working days of paid vacation. After five years of employment, employees are entitled to fifteen working days of paid vacation. After fifteen years of employment, employees are entitled to twenty days of paid vacation. Employees are not allowed to accumulate vacation from year to year. Any days not taken during the current year (employee's anniversary date to anniversary date) will be lost. The vacation time is paid at the employee's regular rate. Unused vacation pay will be paid to employees upon termination, if proper notice of resignation is given.

Sick Leave - After a 90-day probationary period, an employee is allowed ten days sick leave plus 2 personal days each year of employment. A total of sixty days sick leave can be accumulated. Any unused accumulated sick leave may be used by an employee during their employment with the City. Upon termination or resignation, the unused accumulated amount is not paid to the employee. Therefore, accumulated sick leave has not been accrued.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	$ 60,000
Water Utility Fund	Capital Improvement Fund	K.S.A. 12-1,118	5,000
Water Utility Fund	Bond & Interest Fund	K.S.A. 12-1,118	40,000

8. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2024 to 2025 and there were no settlements that exceeded insurance coverage in the past three years.

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

9. SUBSEQUENT EVENTS

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

CITY OF CUNNINGHAM, KANSAS

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 1

CITY OF CUNNINGHAM, KANSAS

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

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 702,791	$ -	$ 702,791	$ 506,373	$ (196,418)
SPECIAL PURPOSE FUNDS:					
Library Fund	14,677	-	14,677	14,640	(37)
Employee Benefits Fund	22,921	-	22,921	19,567	(3,354)
Special Highway Fund	13,836	-	13,836	-	(13,836)
BOND AND INTEREST FUND:					
Bond and Interest Fund	106,941	-	106,941	38,738	(68,203)
BUSINESS FUNDS:					
Sewer Utility Fund	109,801	-	109,801	78,572	(31,229)
Water Utility Fund	268,836	-	268,836	170,577	(98,259)

CITY OF CUNNINGHAM, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 149,799	$ 161,629	$ 168,485	$ (6,856)
Delinquent tax	2,150	2,890	-	2,890
Motor vehicle tax	26,171	23,483	21,805	1,678
Recreational vehicle tax	476	267	482	(215)
16/20M vehicle tax	401	165	400	(235)
Commercial vehicle tax	6,326	3,941	1,649	2,292
Neighborhood revitalization rebate	(7,888)	(6,765)	(6,738)	(27)
Local sales tax	151,625	164,376	150,000	14,376
Total Taxes	329,060	349,986	336,083	13,903
Fines, Forfeitures and Penalties -				
Diversion income	455	43	1,000	(957)
Total Fines, Forfeitures and Penalties	455	43	1,000	(957)
Licenses and Permits -				
Licenses and permits	1,683	816	2,500	(1,684)
Franchise fees	23,602	23,701	30,000	(6,299)
Total Licenses and Permits	25,285	24,517	32,500	(7,983)
Use of Money and Property -				
Grants	450	1,150	-	1,150
Interest received	198	220	100	120
Total Use of Money and Property	648	1,370	100	1,270
Other -				
Fire department	33,500	33,000	35,000	(2,000)
Swimming pool	7,809	6,828	10,000	(3,172)
Economic development	10,502	7,485	-	7,485
Sanitation services	63,561	63,196	70,000	(6,804)
Cash rent	1,500	-	-	-
Reimbursed expenses	72,507	484	10,000	(9,516)
Miscellaneous income	-	-	2,500	(2,500)
Total Other	189,379	110,993	127,500	(16,507)
Total Receipts	544,827	486,909	$ 497,183	$ (10,274)

CITY OF CUNNINGHAM, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Personal services	$ 68,605	$ 74,186	$ 80,000	$ (5,814)
Contractual services	24,139	18,223	19,000	(777)
Commodities	22,755	16,065	24,500	(8,435)
Capital outlay	14,467	56,413	30,000	26,413
Economic development	2,397	1,500	10,000	(8,500)
Sales tax	57,968	61,928	60,000	1,928
General administrative	40,399	34,910	30,000	4,910
Animal control	80	89	-	89
Fire department	31,813	36,371	50,000	(13,629)
Municipal court	825	225	1,000	(775)
Planning and Zoning	88	299	-	299
Trash services	63,087	63,558	70,000	(6,442)
Swimming pool	37,125	40,047	45,000	(4,953)
Parks & Recreation	30,112	13,570	10,000	3,570
Community Center	759	2,693	-	2,693
Utilities	17,306	16,684	20,000	(3,316)
Leases	6,465	6,465	6,465	-
Miscellaneous	1,232	3,136	2,500	636
ARPA expenditures	71,432	11	-	11
Cash basis reserve	-	-	184,326	(184,326)
Transfer to Capital Improvement Fund	60,000	60,000	60,000	-
Total Expenditures	551,054	506,373	$ 702,791	$ (196,418)
Receipts Over (Under) Expenditures	(6,227)	(19,464)		
Unencumbered Cash, Beginning	211,835	205,608		
Unencumbered Cash, Ending	$ 205,608	$ 186,144		

CITY OF CUNNINGHAM, KANSAS

SPECIAL PURPOSE FUND

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 11,814	$ 12,745	$ 13,288	$ (543)
Delinquent tax	173	232	-	232
Motor vehicle tax	2,064	1,852	1,720	132
Recreational vehicle tax	38	21	39	(18)
16/20M vehicle tax	34	12	31	(19)
Commercial vehicle tax	498	311	130	181
Neighborhood revitalization rebate	(622)	(533)	(531)	(2)
Total Receipts	13,999	14,640	$ 14,677	$ (37)
Expenditures				
Appropriation to Library Board	13,999	14,640	$ 14,677	$ (37)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CUNNINGHAM, KANSAS

SPECIAL PURPOSE FUND

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 16,317	$ 17,588	$ 18,351	$ (763)
Delinquent tax	290	380	-	380
Motor vehicle tax	2,851	2,558	2,375	183
Recreational vehicle tax	52	29	53	(24)
16/20M vehicle tax	81	19	43	(24)
Commercial vehicle tax	689	429	180	249
Neighborhood revitalization rebate	(859)	(737)	(734)	(3)
Miscellaneous	5,999	-	-	-
Total Receipts	25,420	20,266	$ 20,268	$ (2)
Expenditures				
Health insurance	10,269	6,636	$ 5,000	$ 1,636
KPERS	3,757	2,171	5,000	(2,829)
Payroll taxes	10,510	10,760	7,013	3,747
Unemployment tax	449	-	1,400	(1,400)
Cash basis reserve	-	-	4,508	(4,508)
Total Expenditures	24,985	19,567	$ 22,921	$ (3,354)
Receipts Over (Under) Expenditures	435	699		
Unencumbered Cash, Beginning	2,218	2,653		
Unencumbered Cash, Ending	$ 2,653	$ 3,352		

CITY OF CUNNINGHAM, KANSAS

SPECIAL PURPOSE FUND

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas gas tax	$ 11,316	$ 11,020	$ 11,850	$ (830)
Expenditures				
Maintenance	-	-	$ 13,836	$ (13,836)
Receipts Over (Under) Expenditures	11,316	11,020		
Unencumbered Cash, Beginning	15,126	26,442		
Unencumbered Cash, Ending	$ 26,442	$ 37,462		

CITY OF CUNNINGHAM, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 24,205	$ 26,116	$ 27,225	$ (1,109)
Delinquent tax	351	476	-	476
Motor vehicle tax	4,229	3,794	3,523	271
Recreational vehicle tax	77	43	78	(35)
16/20M vehicle tax	68	27	64	(37)
Commercial vehicle tax	1,022	637	266	371
Interest received	306	319	100	219
Neighborhood revitalization rebate	(1,275)	(1,093)	(1,089)	(4)
Transfer from Water Utility Fund	40,000	40,000	40,000	-
Total Receipts	68,983	70,319	$ 70,167	$ 152
Expenditures				
Principal	32,757	33,063	$ 53,063	$ (20,000)
Interest	5,981	5,675	7,481	(1,806)
Cash basis reserve	-	-	46,397	(46,397)
Total Expenditures	38,738	38,738	$ 106,941	$ (68,203)
Receipts Over (Under) Expenditures	30,245	31,581		
Unencumbered Cash, Beginning	28,484	58,729		
Unencumbered Cash, Ending	$ 58,729	$ 90,310		

CITY OF CUNNINGHAM, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2025

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

	2024 Actual	2025 Actual
Receipts		
Interest received	$ 517	$ 655
Miscellaneous Income	-	2,500
Transfer from General Fund	60,000	60,000
Transfer from Sewer Utility Fund	5,000	5,000
Total Receipts	65,517	68,155
Expenditures		
Capital outlay -Street Repair	-	52,000
Receipts Over (Under) Expenditures	65,517	16,155
Unencumbered Cash, Beginning	165,147	230,664
Unencumbered Cash, Ending	$ 230,664	$ 246,819

CITY OF CUNNINGHAM, KANSAS

CAPITAL PROJECT FUND

EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	2024 Actual	2025 Actual
Receipts		
Sale of asset	$ -	$ -
Expenditures		
Commodities	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	24,640	24,640
Unencumbered Cash, Ending	$ 24,640	$ 24,640

CITY OF CUNNINGHAM, KANSAS

BUSINESS FUND

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 68,613	$ 66,571	$ 85,000	$ (18,429)
Expenditures				
Personal services	2,909	1,671	$ 4,000	$ (2,329)
Salaries and wages	28,490	29,560	40,000	(10,440)
Employee benefits	4,898	7,533	-	7,533
Contractual services	5,081	-	-	-
Insurance	9,783	9,268	10,000	(732)
Utilties	1,885	1,356	2,500	(1,144)
Capital outlay	795	-	-	-
Maintenance	1,390	23,654	20,000	3,654
Miscellaneous	378	530	1,000	(470)
Transfer to Capital Improvement Fund	5,000	5,000	5,000	-
Cash basis reserve	-	-	27,301	(27,301)
Total Expenditures	60,609	78,572	$ 109,801	$ (31,229)
Receipts Over (Under) Expenditures	8,004	(12,001)		
Unencumbered Cash, Beginning	22,301	30,305		
Unencumbered Cash, Ending	$ 30,305	$ 18,304		

CITY OF CUNNINGHAM, KANSAS

BUSINESS FUND

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

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

		2025		
	Actual 2024	Actual	Budget	Variance - Over (Under)
Receipts				
Sale to customers	$ 134,737	$ 138,282	$ 160,000	$ (21,718)
Expenditures				
Personal services	5,306	27,331	$ 12,500	$ 14,831
Employee benefits	4,898	7,533	-	7,533
Health insurance	13,692	14,295	15,000	(705)
Payroll taxes	28,490	29,560	39,000	(9,440)
Sales tax	3,525	3,573	-	3,573
Fees	3,125	2,667	-	2,667
Utilities	6,618	6,201	7,000	(799)
Maintenance	6,917	14,384	30,000	(15,616)
Chemicals	729	2,295	-	2,295
Principal	20,000	20,000	-	20,000
Interest	3,520	2,640	-	2,640
Miscellaneous	-	98	-	98
Transfer to Bond and Interest Fund	40,000	40,000	40,000	-
Cash forward	-	-	125,336	(125,336)
Total Expenditures	136,820	170,577	$ 268,836	$ (98,259)
Receipts Over (Under) Expenditures	(2,083)	(32,295)		
Unencumbered Cash, Beginning	92,336	90,253		
Unencumbered Cash, Ending	$ 90,253	$ 57,958		