CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Prepared By:

Department of Finance

City of Basehor, Kansas

CITY OF BASEHOR, KANSAS
Financial Statements
For the Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Basehor, Kansas
Basehor, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Basehor, Kansas**, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Basehor, Kansas** as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 statements.
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **City of Basehor, Kansas'** basic financial statements. The statements and schedules under the

supplementary information section in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the information as noted above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

June 25, 2026

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

As management of the City of Basehor (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025. The City of Basehor is the 2nd fastest growing city in Kansas with a population of 5,000 or more. The City maintains an AA+ long-term rating from S&P Global Ratings, attributable to strong reserves, very strong financial management, and a minimal debt burden. We encourage readers to consider the information presented here along with the City's basic financial statements and the related notes to the basic financial statements.

Financial Highlights

- The assets and deferred outflow of resources of the City increased 26.18% from 2024. Total assets and deferred outflow of resources at December 31, 2025, was $94,286,706 compared to $74,723,766 at December 31, 2024.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2025, by $55,011,340 (net position).
- The City's total net position increased by $14,152,527 from 2024. The Governmental Activities increased $11,056,061 and the Business Type Activities increased $3,096,466.
- The City's total assets at December 31, 2025, were $93,682,795 with a breakdown of $71,306,480 in Governmental Activities and $22,376,315 in Business type Activities. The City had capital asset additions of $16,132,278.
- As of December 31, 2025, the City's governmental funds reported combined ending fund balances of $14,621,190, an increase of $3,671,665 from the prior year. A primary reason for the overall increase in fund balance of the City's governmental funds was attributable to bond proceeds received.
- At December 31, 2025, the fund balance for the General Fund was $5,426,266 or 73.14% of general fund revenues.
- The City's total long-term liabilities increased by $4,432,591 during 2025 to a total of $32,498,844. This is due to the new general obligation bonds issued.
- The Net Pension Liability as of the end of the year is $2,384,029, an increase of $188,278.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include sewer and solid waste.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Consolidated Highway Fund, Capital Improvements Fund, Employee Benefit Fund, and Bond and Interest Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget of which the General Fund is the primary fund. A budgetary comparison statement has been provided for this fund and other major funds to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its sewer operation and solid waste operation. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Basic Financial Statements

The notes to the basic financial statements are included in the report. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

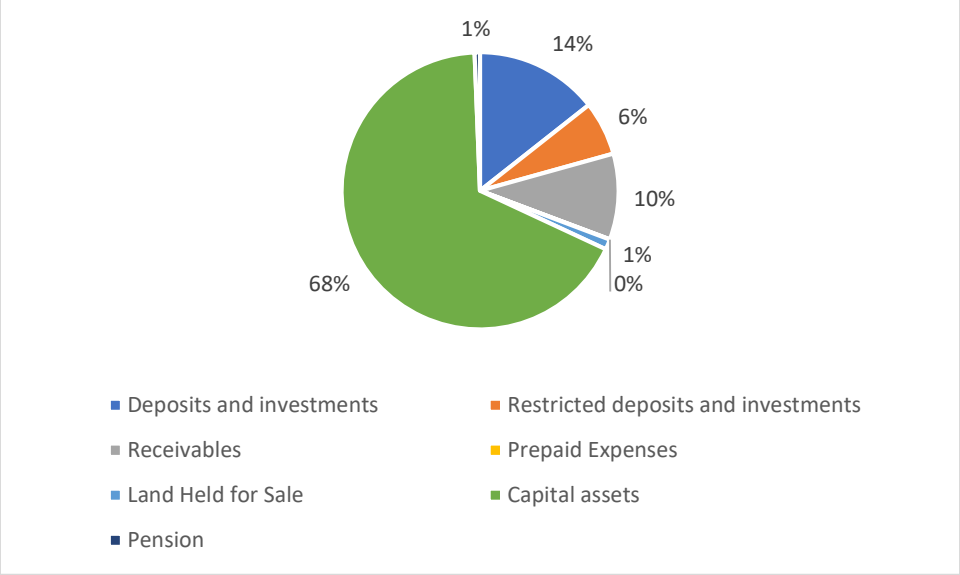
As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of

resources by $55,011,340 at December 31, 2025. The City's net position increased by $14,152,527. Governmental activities increased net position by $11,056,061 while business-type activities increased net position by $3,096,466 in 2025.

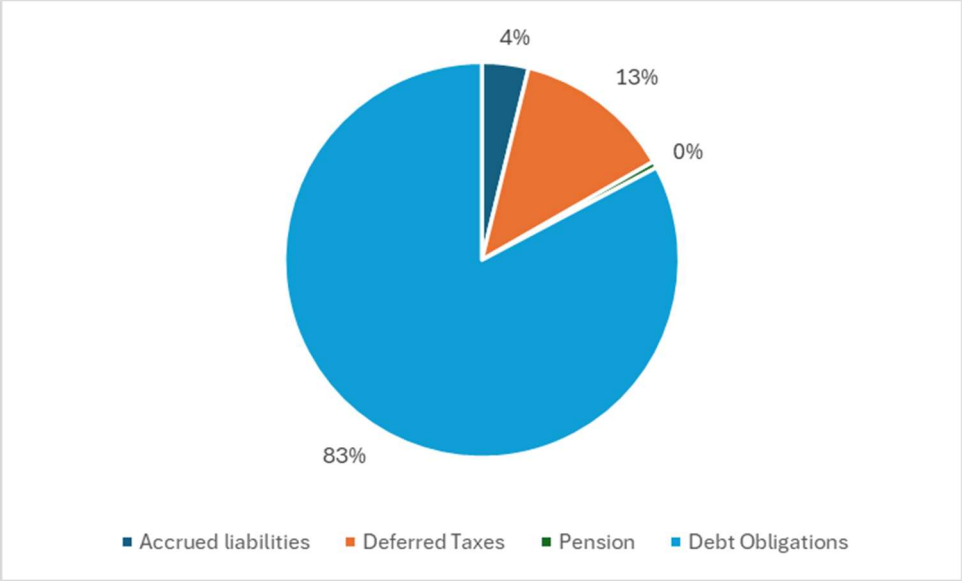
The following is a comparative summary of Statements of Net Position at December 31, 2025 and 2024:

	Governmental Activities		Business Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
ASSETS						
Current and other assets	$ 19,690,644	$ 24,071,264	$ 5,046,199	$ 6,033,909	$ 24,736,843	$ 30,105,173
Capital assets	$ 34,975,057	$ 47,235,216	$ 14,496,167	$ 16,342,406	$ 49,471,224	$ 63,577,622
Total Assets	**$ 54,665,701**	**$ 71,306,480**	**$ 19,542,366**	**$ 22,376,315**	**$ 74,208,067**	**$ 93,682,795**
DEFERRED OUTFLOWS	$ 515,699	$ 603,911	$ -	$ -	$ 515,699	$ 603,911
LIABILITIES						
Current and other liabilities	$ 647,075	$ 1,311,101	$ 203,974	$ 183,641	$ 851,049	$ 1,494,742
Long-term liabilities	$ 25,651,345	$ 30,326,120	$ 2,414,908	$ 2,172,724	$ 28,066,253	$ 32,498,844
Total Liabilities	**$ 26,298,420**	**$ 31,637,221**	**$ 2,618,882**	**$ 2,356,365**	**$ 28,917,302**	**$ 33,993,586**
DEFERRED INFLOWS	$ 4,947,651	$ 5,281,780	$ -	$ -	$ 4,947,651	$ 5,281,780
NET POSITION						
Net investments in capital assets	$ 13,209,006	$ 18,925,821	$ 12,091,230	$ 14,331,762	$ 25,300,236	$ 33,257,583
Restricted	$ 9,692,874	$ 12,263,638	$ -	$ -	$ 9,692,874	$ 12,263,638
Unrestricted	$ 1,033,449	$ 3,801,931	$ 4,832,254	$ 5,688,188	$ 5,865,703	$ 9,490,119
Total Net Position	**$ 23,935,329**	**$ 34,991,390**	**$ 16,923,484**	**$ 20,019,950**	**$ 40,858,813**	**$ 55,011,340**

The largest portion of the City's net assets, 68%, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, and infrastructure) and cash, 14%, reflects investments in certificate of deposits, bank accounts, and municipal investment pool.



The following is an allocation of the liabilities and deferred inflow of resources at December 31, 2025:

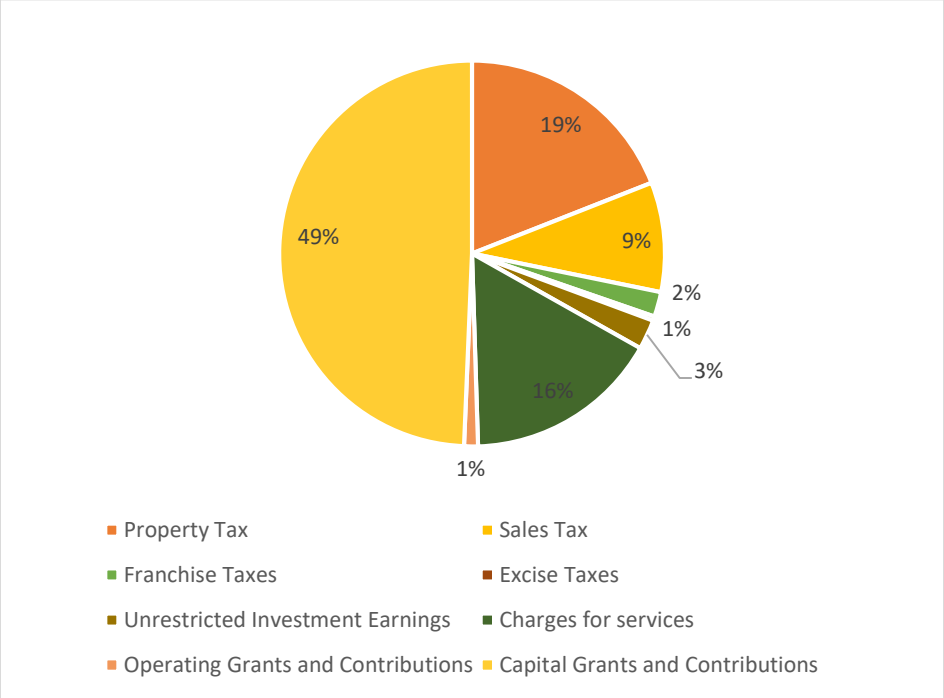


Debt obligations account for 83% of the total liabilities and deferred inflows.

The City has a Current Ratio of 2.76 at December 31, 2025. The Current Ratio compares the current assets to current liabilities. This ratio determines whether the City can meet its current obligations. The current ratio in 2024 was 2.57. A ratio greater than 2 is considered excellent.

Analysis of the City's Operations – Overall the City had an increase in total assets of $19,474,728. Revenues in the general fund exceeded budgeted amounts by $563,607 and Sewer and solid waste operating revenues increased by 10.39%. The increase is related to the number of building permits issued exceeding the City's forecasts, as a result there were additional connection fees and needs for services of solid waste and sewer. Sewer and solid waste operating expenses increased by 14% to $2,613,516 in 2025 compared to $2,291,586 in 2024. A statement of revenues, expenditures, and changes in fund balances for governmental funds is included in this report.

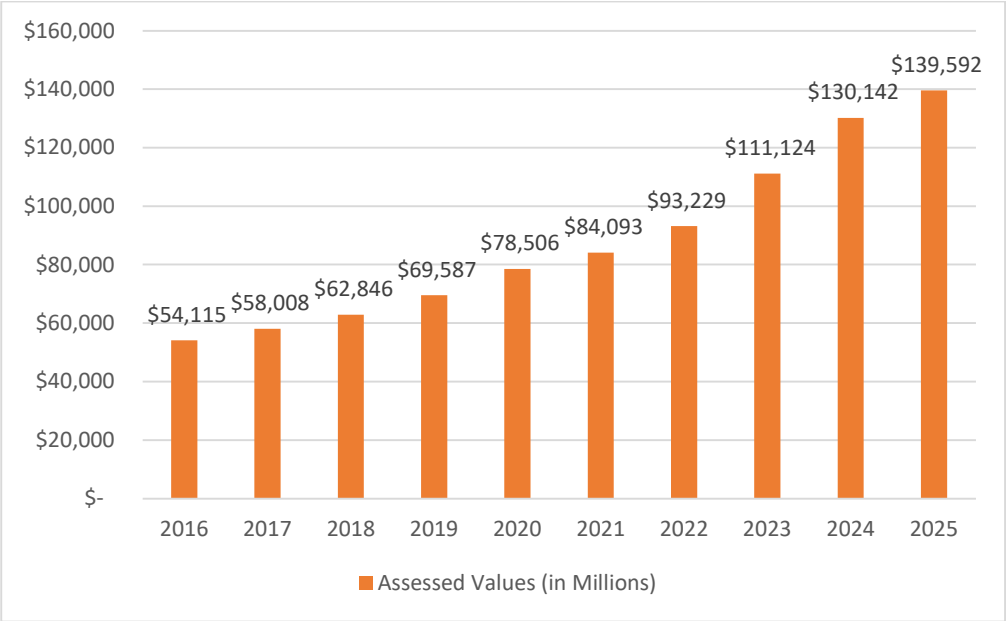
The following represents the allocation of the City's revenues:



Property taxes accounted for 19% of the total revenues in 2025. Property taxes are determined during the annual budget process as required by the State. To determine property taxes, the County Appraiser provides an appraisal for the various properties in the City. Once the appraisal has been determined, the appraised value is converted to an assessed value, which is established by the State. For homeowners, the assessment percentage is 11.5% of the appraised value, and commercial properties is 25% of the appraised value.

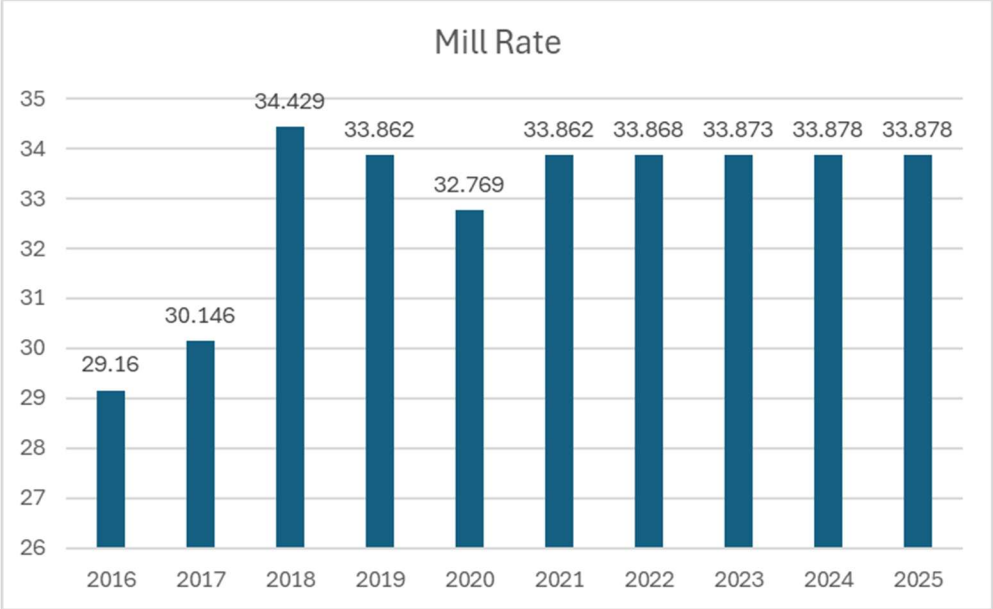
Capital Grants and Contributions accounted for 49% of the total revenues in 2025. These contributions represent the infrastructure additions funded by KDOT.

The following represents the assessed value obtained from the annual budget filings:



The assessed value has increased at a compounded annual growth rate of (CAGR) of 14.51% from 2016. The increase in value is attributed to the increase in the appraised value of properties and the increase in population growth. As of the last certified census, the City is the 2nd fastest growing City in Kansas with a population of 5,000 or more.

The mill levy is the "tax rate" that is applied to the properties. One mill is $1 per $1,000 dollars of assessed value. In 2025 and 2024, one mill was valued at $139,592 per $1,000 dollars of assessed value. The following represents the actual mill levies:



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the City. At December 31, 2025, the fund balance for the General Fund was $5,426,266 or 73.14% of general fund revenues. The fund balance of the General Fund increased by $811,598 in 2025 and decreased by $479,999 during 2024 comparatively.

The Consolidated Highway Fund had a total fund balance of $2,024,717. The net increase in the fund balance during 2025 was $535,689. This increase in fund balance will be used in conjunction with the City's special sales tax that was recently approved for roadway improvements starting in 2027.

The Capital Improvements Reserve Fund had a total fund balance of $4,996,131 which represented an increase of $2,182,672. This increase is a result of new issued bond.

Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Sewer Utility Fund at the end of 2025 and 2024 was $5,583,974 and $4,728,798 respectively; and the Solid Waste Fund was $104,214 and $103,456, respectively. The Sewer Utility Fund had an Operating Ratio of 2.11 and 2.46 in 2025 and 2024, respectively. This ratio compares the sewer charges to operating expenses, less depreciation. A ratio greater than 1.20 is an indication that the rates are adequate.

Budgetary Highlights

Property taxes are determined by assessed values and mill rates (also referred to as mill levies or tax rates). The City is required to have balanced budgets for their levy funds. As a result, property taxes are a key source of revenue for the City. In 2025, property taxes collected in the General Fund were $31,757 more than budget and the sales taxes collected in the General Fund were $6,718 more than budget. As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. For 2025, revenues exceeded the budget in Capital Improvements Reserve fund by $251,262. The spending of fund balance in this fund is intentional.

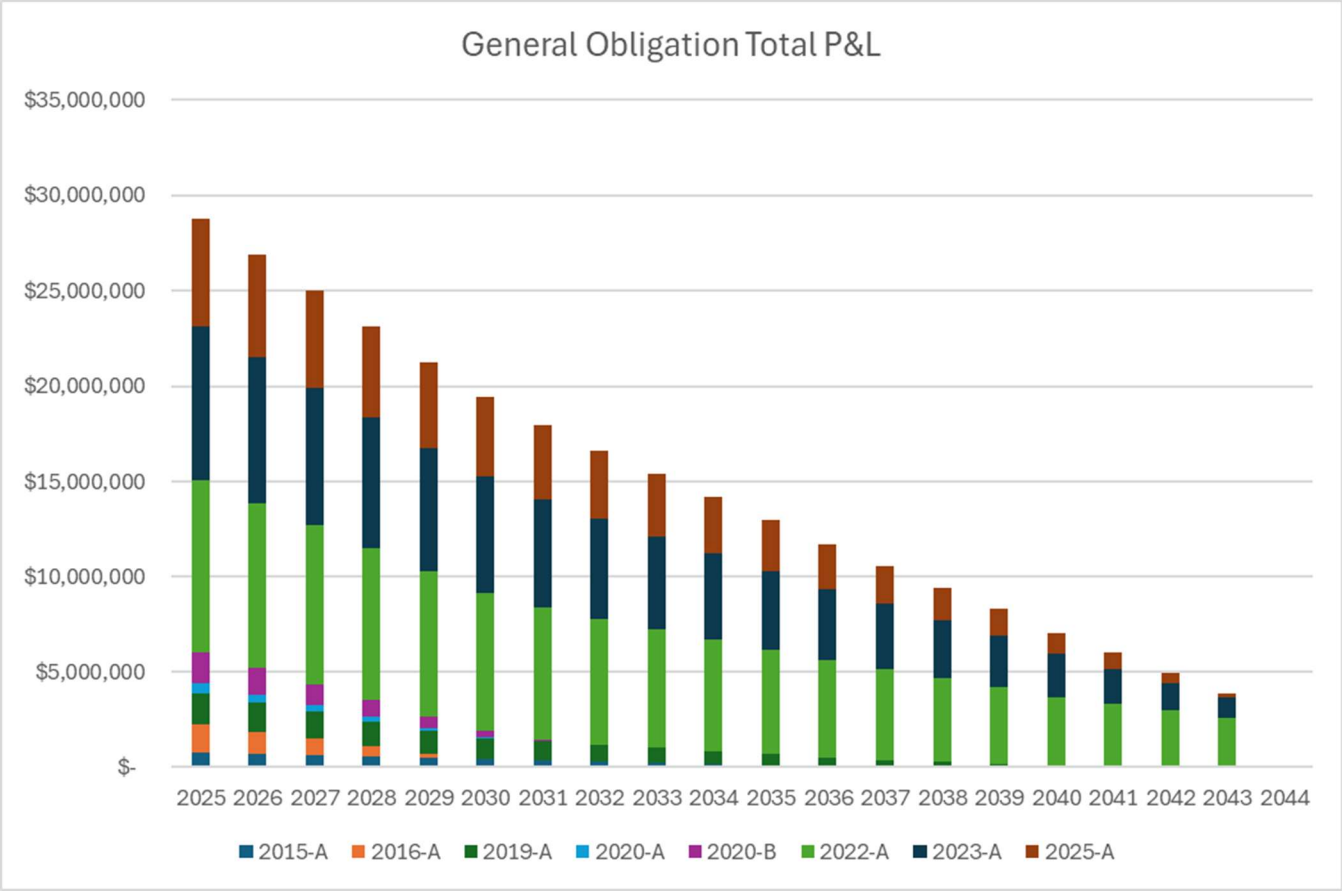
Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, totaled $63,577,622 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, streets, and sewer lines. More detailed information about the City's capital assets is presented in the Basic Financial Statements included in this report.

Long-Term Debt

The following represents the outstanding debt at December 31, 2025:



State statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. The City's obligations are significantly lower than the 30% of its total assessed valuation.

Request for Information

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 1600 N. 158th Street Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS

Basic Financial Statements

CITY OF BASEHOR, KANSAS
Statement of Net Position
December 31, 2025

	Primary Government		
	Total Governmental Activities	Total Business-Type Activities	Total Primary Government
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and Investments	$ 7,894,278	5,629,599	13,523,877
Receivables, Net of Allowance for Uncollectibles			
Taxes	5,624,509	-	5,624,509
Municipal Court	2,101	-	2,101
Accounts	35,565	353,376	388,941
Intergovernmental	54,127	-	54,127
Special Assessments	3,393,309	-	3,393,309
Restricted Cash and Investments	5,910,444	50,934	5,961,378
Prepaid Expenses	36,931	-	36,931
Land Held for Sale	1,120,000	-	1,120,000
Capital Assets, Nondepreciable			
Land	1,407,587	-	1,407,587
Construction in Progress	3,462,557	-	3,462,557
Capital Assets, Depreciable			
Land Improvements	685,146	-	685,146
Buildings	9,450,530	9,972,508	19,423,038
Infrastructure	51,766,836	24,381,156	76,147,992
Machinery and Equipment	3,423,623	322,205	3,745,828
Less Accumulated Depreciation	(22,961,063)	(18,333,463)	(41,294,526)
Total Assets	**71,306,480**	**22,376,315**	**93,682,795**
Deferred Outflows of Resources			
Deferred Outflows - Pension	603,911	-	603,911
Total Assets and Deferred Outflows of Resources	**71,910,391**	**22,376,315**	**94,286,706**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities			
Accounts Payable and Other Current Liabilities	828,244	152,593	980,837
Accrued Interest Payable	324,628	16,571	341,199
Accrued Liabilities	158,229	14,477	172,706
Noncurrent Liabilities			
Due Within One Year	1,643,857	429,064	2,072,921
Due in More Than One Year	28,682,263	1,743,660	30,425,923
Total Liabilities	**31,637,221**	**2,356,365**	**33,993,586**
Deferred Inflows of Resources			
Deferred Inflows - Pension	211,493	-	211,493
Deferred Receivable - Property Taxes	5,070,287	-	5,070,287
Total Deferred Inflows of Resources	**5,281,780**	**-**	**5,281,780**
Total Liabilities and Deferred Inflows of Resources	**36,919,001**	**2,356,365**	**39,275,366**
Net Position			
Net Investment in Capital Assets	18,925,821	14,331,762	33,257,583
Restricted for			
Debt Service	3,406,962	-	3,406,962
Capital Improvements	5,365,405	-	5,365,405
Street Projects	2,024,717	-	2,024,717
Employee Benefits	1,038,399	-	1,038,399
Culture and Recreation	334,479	-	334,479
Public Safety	91,597	-	91,597
Assistance Program	2,079	-	2,079
Unrestricted	3,801,931	5,688,188	9,490,119
Total Net Position	$ **34,991,390**	**20,019,950**	**55,011,340**

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

CITY OF BASEHOR, KANSAS
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	$ 3,729,049	598,529	26,653	-	(3,103,867)	-	**(3,103,867)**
Public Works	3,279,881	147,555	236,984	-	(2,895,342)	-	**(2,895,342)**
Culture and Recreation	779,066	79,823	30,151	13,500,583	12,831,491	-	**12,831,491**
Public Safety	1,770,631	-	23,368	-	(1,747,263)	-	**(1,747,263)**
Interest on Long-Term Debt	995,578	-	-	-	(995,578)	-	**(995,578)**
Total Governmental Activities	10,554,205	825,907	317,156	13,500,583	4,089,441	-	**4,089,441**
Business-Type Activities							
Sewer Utility	1,783,979	2,702,574	-	-	-	918,595	**918,595**
Solid Waste Utility	883,681	942,242	-	-	-	58,561	**58,561**
Total Business-Type Activities	2,667,660	3,644,816	-	-	-	977,156	**977,156**
Total Primary Government	$ 13,221,865	4,470,723	317,156	13,500,583	4,089,441	977,156	**5,066,597**
		General Revenues and Transfers					
		Property Taxes			$ 5,202,896	-	**5,202,896**
		Special Assessments			5,219	-	**5,219**
		Sales Taxes			2,511,912	-	**2,511,912**
		Franchise Taxes			569,604	-	**569,604**
		Excise Taxes			102,180	-	**102,180**
		Unrestricted Investment Earnings			541,399	142,542	**683,941**
		Transfers, Net			(1,976,768)	1,976,768	**-**
		Total General Revenues and Transfers			6,956,442	2,119,310	**9,075,752**
		Change in Net Position			11,045,883	3,096,466	**14,142,349**
		Net Position - Beginning of Year, as Previously Stated			23,935,329	16,923,484	**40,858,813**
		Prior Period Restatement			10,178	-	**10,178**
		Net Position - Beginning of Year, as Restated			23,945,507	16,923,484	**40,868,991**
		Net Position - End of Year			$ **34,991,390**	**20,019,950**	**55,011,340**

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

CITY OF BASEHOR, KANSAS
Balance Sheet
Governmental Funds
December 31, 2025

	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	$ 4,251,666	1,059,332	404,842	1,058,971	318,923	800,544	**7,894,278**
Receivables (Net of Allowance for Uncollectibles)							
Taxes	5,305,892	166,970	132,289	-	19,358	-	**5,624,509**
Intergovernmental	-	54,127	-	-	-	-	**54,127**
Special Assessments	-	-	-	-	3,393,309	-	**3,393,309**
Municipal Court	2,101	-	-	-	-	-	**2,101**
Accounts	14,210	-	-	1,401	-	19,954	**35,565**
Due from Other Funds	33	-	-	-	-	-	**33**
Prepaid Expenses	-	-	-	36,931	-	-	**36,931**
Restricted Cash and Investments	-	747,198	5,133,341	29,904	-	-	**5,910,443**
Land Held for Sale	1,120,000	-	-	-	-	-	**1,120,000**
Total Assets	$ 10,693,902	2,027,627	5,670,472	1,127,207	3,731,590	820,498	**24,071,296**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 95,915	2,910	674,341	38,869	-	23,069	**835,104**
Accrued Liabilities	101,434	-	-	49,939	-	-	**151,373**
Due to Other Funds	-	-	-	-	-	33	**33**
Total Liabilities	197,349	2,910	674,341	88,808	-	23,102	**986,510**
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	5,070,287	-	-	-	-	-	**5,070,287**
Unavailable Revenue - Special Assessments	-	-	-	-	3,393,309	-	**3,393,309**
Total Deferred Inflows of Resources	5,070,287	-	-	-	3,393,309	-	**8,463,596**
Fund Balances							
Nonspendable							
Land Held for Sale	1,120,000	-	-	-	-	-	**1,120,000**
Restricted							
Capital Projects	-	-	4,996,131	-	-	-	**4,996,131**
Culture and Recreation	-	-	-	-	-	334,479	**334,479**
Debt Service	-	-	-	-	338,281	-	**338,281**
Employee Benefits	-	-	-	1,038,399	-	-	**1,038,399**
Infrastructure Maintenance	-	-	-	-	-	369,274	**369,274**
Resident Assistance Programs	-	-	-	-	-	2,079	**2,079**
Streets	-	2,024,717	-	-	-	-	**2,024,717**
Substance Abuse Prevention	-	-	-	-	-	91,597	**91,597**
Unassigned	4,306,266	-	-	-	-	(33)	**4,306,233**
Total Fund Balance	5,426,266	2,024,717	4,996,131	1,038,399	338,281	797,396	**14,621,190**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,693,902	2,027,627	5,670,472	1,127,207	3,731,590	820,498	**24,071,296**

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

CITY OF BASEHOR, KANSAS

Reconciliation of the Total Governmental Fund Balances to
Net Position in the Governmental Activities
December 31, 2025

Total Governmental Fund Balances		$ 14,621,190
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,235,216
Other long-term assets are not available to pay for current-period expenditures and, therefore, reported as unavailable revenue in the funds.		3,393,309
Deferred outflows of resources related to pensions represent a consumption of net position that applies to a future period and therefore are not reported in the funds.		603,911
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds payable	(26,824,343)	
Financed purchases	(10,912)	
Interest payable	(324,628)	
Compensated absences	(273,458)	
Net pension liability	(2,384,029)	(29,817,370)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(833,378)
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.		(211,488)
Net Position of Governmental Activities		$ 34,991,390

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2025

	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property	$ 5,202,896	-	-	-	-	-	**5,202,896**
Sales	883,868	883,868	657,809	-	86,367	-	**2,511,912**
Franchise	569,604	-	-	-	-	-	**569,604**
Excise	-	102,180	-	-	-	-	**102,180**
Impact Fees	-	74,555	-	-	-	-	**74,555**
Special Assessments	-	-	-	-	225,183	-	**225,183**
Licenses, Permits and Fees	260,359	-	-	-	-	105,364	**365,723**
Fines, Forfeitures and Penalties	142,877	-	-	-	-	-	**142,877**
Intergovernmental	26,653	236,984	-	-	-	46,736	**310,373**
Use of Property	-	-	-	-	-	47,459	**47,459**
Investment Earnings	238,240	56,903	189,145	22,882	13,089	21,141	**541,400**
Miscellaneous	94,079	-	29,219	18,526	-	60,250	**202,074**
Total Revenues	7,418,576	1,354,490	876,173	41,408	324,639	280,950	**10,296,236**
Expenditures							
Current							
General Government	1,693,866	-	-	1,319,024	-	383	**3,013,273**
Public Works	264,075	818,801	-	-	-	57,957	**1,140,833**
Culture and Recreation	251,149	-	-	-	-	398,779	**649,928**
Public Safety	1,444,597	-	-	-	-	-	**1,444,597**
Debt Service							
Principal	-	-	-	-	1,759,790	-	**1,759,790**
Interest and Other Charges	-	-	-	-	896,715	-	**896,715**
Capital Outlay	406,112	-	3,879,992	-	-	-	**4,286,104**
Total Expenditures	4,059,799	818,801	3,879,992	1,319,024	2,656,505	457,119	**13,191,240**
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,358,777	535,689	(3,003,819)	(1,277,616)	(2,331,866)	(176,169)	**(2,895,004)**
Other Financing Sources (Uses)							
Bond Proceeds and Premiums on Debt	-	-	6,265,429	-	-	-	**6,265,429**
Cost of Issuance	-	-	(148,938)	-	-	-	**(148,938)**
Transfers In	13,674	-	-	1,594,632	2,330,000	50,000	**3,988,306**
Transfers Out	(2,600,000)	-	(930,000)	-	-	(18,306)	**(3,548,306)**
Net Other Financing Sources (Uses)	(2,586,326)	-	5,186,491	1,594,632	2,330,000	31,694	**6,556,491**
Net Change in Fund Balances	772,451	535,689	2,182,672	317,016	(1,866)	(144,475)	**3,661,487**
Fund Balances - Beginning of Year, as Previously Stated	4,614,668	1,489,028	2,813,459	750,352	340,147	941,871	**10,949,525**
Prior Period Restatement	39,147	-	-	(28,969)	-	-	**10,178**
Fund Balances - Beginning of Year as Restated	4,653,815	1,489,028	2,813,459	721,383	340,147	941,871	**10,959,703**
Fund Balances - End of Year	$ 5,426,266	2,024,717	4,996,131	1,038,399	338,281	797,396	**14,621,190**

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

CITY OF BASEHOR, KANSAS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities

For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Funds		$ 3,661,487
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported depreciation expense.		
Capital outlay	13,830,904	
Depreciation expense	(1,570,745)	12,260,159
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(219,958)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal (advances) payments		
Bond proceeds	(6,265,428)	
General obligation bonds	1,738,113	
Financed purchases	21,677	(4,505,638)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(32,556)	
Pension contributions	(99,968)	
Amortization of bond premium	51,697	
Accrued interest	(69,340)	(150,167)
Change in Net Position of Governmental Activities		$ 11,045,883

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

General Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Taxes	$ **5,202,896**	5,171,139	5,171,139	31,757
Sales Taxes	**869,989**	863,271	863,271	6,718
Franchise Taxes	**551,212**	321,500	321,500	229,712
Intergovernmental	**26,653**	30,000	30,000	(3,347)
Licenses, Fees, and Permits	**259,794**	205,500	205,500	54,294
Fines and Forfeitures	**155,586**	75,000	75,000	80,586
Investment Income	**238,240**	75,000	75,000	163,240
Miscellaneous	**90,647**	90,000	90,000	647
Total Revenues	**7,395,017**	6,831,410	6,831,410	563,607
Expenditures				
General Administration				
Personnel	**884,292**	1,011,389	1,011,389	(127,097)
Contractual Services	**1,128,637**	1,043,650	1,043,650	84,987
Commodities	**68,065**	102,800	102,800	(34,735)
Total General Administration	**2,080,994**	2,157,839	2,157,839	(76,845)
Public Works				
Personnel	**203,974**	404,126	404,126	(200,152)
Contractual Services	**30,873**	33,500	33,500	(2,627)
Commodities	**18,184**	26,250	26,250	(8,066)
Capital Outlay	**11,044**	24,000	24,000	(12,956)
Total Public Works	**264,075**	487,876	487,876	(223,801)
Culture and Recreation				
Personnel	**251,149**	-	-	251,149
Public Safety				
Personnel	**1,265,283**	1,377,857	1,377,857	(112,574)
Contractual Services	**131,970**	139,700	139,700	(7,730)
Commodities	**56,768**	82,150	82,150	(25,382)
Capital Outlay	**18,983**	27,500	27,500	(8,517)
Total Culture and Recreation	**1,473,004**	1,627,207	1,627,207	(154,203)
Total Expenditures	**4,069,222**	4,272,922	4,272,922	(203,700)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ **3,325,795**	2,558,488	2,558,488	767,307

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

General Fund (Continued)

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance Over (Under)
Other Financing Sources (Uses)				
Transfer In	$ **13,674**	15,000	15,000	(1,326)
Transfer Out	**(2,600,000)**	(2,624,999)	(2,624,999)	24,999
Total Other Financing Sources (Uses)	**(2,586,326)**	(2,609,999)	(2,609,999)	23,673
Net Change in Fund Balance	**739,469**	(51,511)	(51,511)	790,980
Budgetary Basis Fund Balance, Beginning as Previously Stated	**4,505,251**			
Prior Period Restatement	**(1,199,828)**			
Budgetary Basis Fund Balance, Beginning	**3,305,423**			
Budgetary Basis Fund Balance, Ending	**4,044,892**			
GAAP Adjustments				
Encumbrances	**9,424**			
Land Held for Resale	**1,120,000**			
Due From Other Funds	**33**			
Sales Tax Receivable	**166,970**			
Franchise Tax Receivable	**68,636**			
Court Receivable	**2,101**			
Accounts Receivable	**14,210**			
Fund Balance, Ending - General Fund Only	$ **5,426,266**			

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Consolidated Highway Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Sales Taxes	$ **869,989**	863,271	863,271	6,718
Intergovernmental	**236,984**	193,380	193,380	43,604
Impact Fees	**74,555**	-	-	74,555
Excise Taxes	**99,725**	150,000	150,000	(50,275)
Investment Income	**56,903**	210,000	210,000	(153,097)
Total Revenues	**1,338,156**	1,416,651	1,416,651	(78,495)
Expenditures				
Contractual Services	**818,801**	1,461,321	1,461,321	(642,520)
Net Change in Fund Balance	**519,355**	(44,670)	(44,670)	564,025
Budgetary Basis Fund Balance, Beginning	**1,284,265**			
Budgetary Basis Fund Balance, Ending	**1,803,620**			
GAAP Adjustments				
Sales Tax Receivable	**166,970**			
Intergovernmental Receivable	**54,127**			
Fund Balance, Ending	$ **2,024,717**			

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

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Funds Included in General Fund - Budgetary Basis

Capital Improvements Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance Over (Under)
Revenues				
Sales Taxes	$ **637,566**	604,668	604,668	32,898
Investment Income	**189,144**	-	-	189,144
Miscellaneous	**29,220**	-	-	29,220
Total Revenues	**855,930**	604,668	604,668	251,262
Expenditures				
Capital Outlay	**5,878,500**	5,639,885	5,639,885	238,615
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(5,022,570)**	(5,035,217)	(5,035,217)	12,647
Other Financing Sources (Uses)				
Cost of Issuance	**(81,219)**	-	-	(81,219)
Bond Proceeds	**6,197,710**	6,000,000	6,000,000	197,710
Transfers Out	**(930,000)**	(930,000)	(930,000)	-
Total Other Financing Sources (Uses)	**5,186,491**	5,070,000	5,070,000	116,491
Net Change in Fund Balance	**163,921**	34,783	34,783	129,138
Budgetary Basis Fund Balance, Beginning	**2,701,413**			
Budgetary Basis Fund Balance, Ending	**2,865,334**			
GAAP Adjustments				
Encumbrances	**1,998,508**			
Sales Tax Receivable	**132,289**			
Fund Balance, Ending	$ **4,996,131**			

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Employee Benefit Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance Over (Under)
Revenues				
Miscellaneous	$ **17,125**	27,500	27,500	(10,375)
Investment Income	**22,882**	12,000	12,000	10,882
Total Revenues	**40,007**	39,500	39,500	507
Expenditures				
Personnel Services	**1,355,955**	1,634,197	1,634,197	(278,242)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(1,315,948)**	(1,594,697)	(1,594,697)	278,749
Other Financing Sources (Uses)				
Transfer In	**1,594,632**	1,597,000	1,597,000	(2,368)
Net Change in Fund Balance	**278,684**	2,303	2,303	276,381
Budgetary Basis Fund Balance, Beginning	**721,383**			
Budgetary Basis Fund Balance, Ending	**1,000,067**			
GAAP Adjustments				
Accounts Receivable	**1,401**			
Prepaid Expenses	**36,931**			
Fund Balance, Ending	$ **1,038,399**			

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

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Funds Included in General Fund - Budgetary Basis

Bond and Interest Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
County and State Taxes	$ **82,184**	79,836	79,836	2,348
Special Assessments	**225,183**	297,121	297,121	(71,938)
Investment Income	**13,089**	-	-	13,089
Total Revenues	**320,456**	376,957	376,957	(56,501)
Expenditures				
Debt Service Expenditures	**2,656,505**	2,707,138	2,707,138	(50,633)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(2,336,049)**	(2,330,181)	(2,330,181)	(5,868)
Other Financing Sources (Uses)				
Transfers In	**2,330,000**	2,330,000	2,330,000	-
Net Change in Fund Balance	**(6,049)**	(181)	(181)	(5,868)
Budgetary Basis Fund Balance, Beginning	**324,972**			
Budgetary Basis Fund Balance, Ending	**318,923**			
GAAP Adjustments				
Sales Tax Receivable	**19,358**			
Fund Balance, Ending	$ **338,281**			

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

CITY OF BASEHOR, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Investments	$ 5,539,336	90,263	**5,629,599**
Accounts Receivable			
(Net of Allowance for Uncollectibles)	250,068	103,308	**353,376**
Restricted Cash and Investments	50,934	-	**50,934**
Total Current Assets	5,840,338	193,571	**6,033,909**
Noncurrent Assets			
Capital Assets			
Buildings	9,972,508	-	**9,972,508**
Infrastructure	24,381,156	-	**24,381,156**
Machinery and Equipment	322,205	-	**322,205**
Accumulated Depreciation	(18,333,463)	-	**(18,333,463)**
Total Noncurrent Assets	16,342,406	-	**16,342,406**
Total Assets	22,182,744	193,571	**22,376,315**
LIABILITIES			
Current Liabilities			
Accounts Payable	84,950	67,643	**152,593**
Accrued Payroll	11,503	2,974	**14,477**
Accrued Interest Payable	16,571	-	**16,571**
Current Portion of Compensated Absences Payable	71,670	9,370	**81,040**
Current Portion on Bonds Payable	348,024	-	**348,024**
Total Current Liabilities	532,718	79,987	**612,705**
Noncurrent Liabilities			
Long-Term Portion of Compensated Absences Payable	71,670	9,370	**81,040**
Long-Term Portion of Bonds Payable	1,662,620	-	**1,662,620**
Total Noncurrent Liabilities	1,734,290	9,370	**1,743,660**
Total Liabilities	2,267,008	89,357	**2,356,365**
NET POSITION			
Net Investment in Capital Assets	14,331,762	-	**14,331,762**
Unrestricted	5,583,974	104,214	**5,688,188**
Total Net Position	$ 19,915,736	104,214	**20,019,950**

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

CITY OF BASEHOR, KANSAS

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2025

		Business-Type Activities		
		Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating Revenues				
Charges for Services	$	2,662,430	922,221	**3,584,651**
Miscellaneous		40,144	20,021	**60,165**
Total Operating Revenues		2,702,574	942,242	**3,644,816**
Operating Expenses				
Personnel		649,002	80,370	**729,372**
Contractual		579,148	796,960	**1,376,108**
Commodities		53,765	6,351	**60,116**
Depreciation and Amortization		447,920	-	**447,920**
Total Operating Expense		1,729,835	883,681	**2,613,516**
Operating Income		972,739	58,561	**1,031,300**
Nonoperating Revenues (Expense)				
Investment Income		140,345	2,197	**142,542**
Interest Expense		(54,144)	-	**(54,144)**
Net Nonoperating Revenues (Expense)		86,201	2,197	**88,398**
Income Before Contributions and Transfers		1,058,940	60,758	**1,119,698**
Contributions and Transfers				
Capital Contributions		2,416,768	-	**2,416,768**
Transfers to Other Funds		(380,000)	(60,000)	**(440,000)**
Change in Net Position		3,095,708	758	**3,096,466**
Net Position - Beginning of Year		16,820,028	103,456	**16,923,484**
Net Position - End of Year	$	19,915,736	104,214	**20,019,950**

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

CITY OF BASEHOR, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

		Business-Type Activities		
		Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows From Operating Activities				
Cash Received from Customers and Users	$	2,644,901	912,127	**3,557,028**
Cash Received from Other Income		40,144	20,021	**60,165**
Payments to Suppliers		(708,149)	(755,249)	**(1,463,398)**
Payments to Employees		(450,216)	(52,257)	**(502,473)**
Net Cash Provided for Operating Activities		1,526,680	124,642	**1,651,322**
Cash Flows From Capital and Related Financing Activities				
Principal Paid on General Obligation Bonds		(336,888)	-	**(336,888)**
Interest Paid on Debt		(56,889)	-	**(56,889)**
Net Cash Used by Capital and Related Financing Activities		(393,777)	-	**(393,777)**
Cash Flows to Noncapital Financing Activities				
Transfers to Other Funds		(380,000)	(60,000)	**(440,000)**
Cash Flows From Investing Activities				
Investment Income		140,345	2,197	**142,542**
Net Increase in Cash and Investments		893,248	66,839	**960,087**
Cash and Investments, Beginning of Year		4,697,022	23,424	**4,720,446**
Cash and Investments, End of Year	$	5,590,270	90,263	**5,680,533**
Cash and Investments Consisted of the Following				
Cash and Investments	$	5,539,336	90,263	**5,629,599**
Restricted Cash and Investments		50,934	-	**50,934**
Total Cash and Investments	$	5,590,270	90,263	**5,680,533**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$	972,739	58,561	**1,031,300**
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization		447,920	-	**447,920**
Decrease (Increase) in Assets and Deferred Outflows				
Accounts Receivable		(17,529)	(10,094)	**(27,623)**
Increase (Decrease) in Liabilities and Deferred Inflows				
Accounts Payable		28,806	67,024	**95,830**
Accrued Payroll		1,754	223	**1,977**
Compensated Absences Payable		92,990	8,928	**101,918**
Net Cash Provided by Operating Activities	$	1,526,680	124,642	**1,651,322**
Schedule of Noncash Capital and Related Financing Activities				
Contribution of Capital Assets	$	2,416,768	-	**2,416,768**

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

CITY OF BASEHOR, KANSAS
Statement of Net Position
Fiduciary Fund
December 31, 2025

	Custodial Fund
Assets	
Deposits and Investments	$ -
Net Position	
Restricted for	
Individuals and Organizations	$ -

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

CITY OF BASEHOR, KANSAS
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

		Custodial Fund
Additions		
Contributions from Property Owners	$	**62,100**
Deductions		
Payments to Bondholders		**62,100**
Net Change in Fiduciary Net Position		-
Net Position, Beginning of Year		-
Net Position, End of Year	$	**-**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

City of Basehor, Kansas (the City) was incorporated in 1965 under the provisions of K.S.A. 12-101, et seq. The City is governed under a Council-Administrator form of government consisting of an elected mayor and five-member council. The City provides a full range of municipal services to its citizens as authorized by its charter in the areas of public safety (police), highways and streets, sanitation, culture/recreation, public improvements, sewer, planning and zoning and general administrative services. As required by generally accepted accounting principles (GAAP), these financial statements present the data for all departments and funds of the City, including all boards and commissions (the primary government, herein referred to as the City). The City has no component units.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental fund revenues except property taxes.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

General - The general fund accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works and culture and recreation.

Consolidated Highway - The consolidated highway fund is used to account for road and highway projects funded by property taxes.

Capital Improvements Reserve - The capital improvements reserve fund is used to account for capital improvement projects funded by property taxes.

Employee Benefit - The employee benefit fund is used to account for employee benefits funded by property taxes.

Bond and Interest - The bond and interest fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

Sewer Utility - The sewer utility fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

Solid Waste Utility – The solid waste utility fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

The City also reports the following fund types:

Custodial Fund – The custodial fund is used to report resources held by the City in a purely custodial capacity. The City uses custodial funds to account for amounts collected for special assessments for the Grayhawk at Prairie Gardens benefit district.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer utility and solid waste utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the sewer utility and solid waste utility are charged to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments
The City maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. These pooled investments consist of operating accounts, nonnegotiable certificates of deposit recorded at cost because they are not affected by market rate changes, Kansas Municipal Investment Pool (KMIP), money market funds, money market mutual funds, and U.S. government securities recorded at fair value. Earnings from investments are allocated to the funds based on the average monthly balance and in accordance with the adopted budget. If a fund is not required to account for its own earning by law or regulation, the earnings are allocated to the General Fund.

Restricted Deposits and Investments
In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $2,405 per lot impact fee. The restriction limited the use of these funds to improvements to the perimeter roads (Donahoo Road, Hollingsworth Road and 147th Street). As of December 31, 2025, the City had $747,198 in restricted cash and cash equivalents for improvements.

The City has a checking account managed by a third-party administrator for its health insurance claims. As of December 31, 2025, the City had $29,905 in restricted cash and cash equivalents for the claims.

As of December 31, 2025, the City also had restricted investments totaling $848,902 in relation to the 2023A General Obligation Bonds and $4,335,373 in relation to the 2025A General Obligation Bonds.

Statement of Cash Flows
For purposes of the statement of cash flows, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables
Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectible. Management records a trade accounts receivable allowance based on percentages of collection estimated from aging of the accounts receivable. At December 31, 2025, no allowance for uncollectible receivables has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the governmental funds unavailable revenue is reported as follows:

General Fund Property Taxes Receivable	$	5,070,287
Bond and Interest Fund Special Assessments Receivable		3,393,309
Total	$	**8,463,596**

Property Taxes and Receivable
The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Butler County. The assessed value upon which the 2025 levy was based was $139,591,550.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The Leavenworth County Treasurer is the tax collection agent for all taxing entities within the County. The 2025 tax levy per $1,000 of assessed valuation was as follows:

General Fund	33.928

Special Assessment Receivable
As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the City's bond and interest fund. Further, Kansas statutes permit levying additional general ad valorem property taxes in the City's bond and interest fund to finance delinquent special assessments receivable. 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. Special assessment taxes are levied over the repayment period of the bonds and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31st, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the bond and interest fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the special assessments receivable is reported as unavailable revenue in the fund financial statements. Special assessments receivable at December 31, 2025 was $3,393,309.

Prepaid Items
The City records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statements.

Capital Assets
Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of $2,500 and an estimated useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available) if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Structures	25 to 40 years
Improvements Other than Buildings	20 to 40 years
Infrastructure	15 to 40 years
Machinery and Equipment	8 to 20 years

Deferred Outflows and Inflows of Resources
In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The deferred outflows for pension and is reported in the government-wide statement of net position. See Note 8 for more information on the deferred outflows for pension plan.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Government-wide activities report deferred receivable from property taxes and deferred inflows for pension. See Note 8 for more information on the deferred inflows for the pension.

Compensated Absences
Under the terms of the City's personnel policy, full-time employees accrue paid time off (PTO) in varying amounts based on months of service. Employees have a maximum amount of PTO accrual equal to the number of hours they accrue during the calendar year plus half of the calendar year accrual. Benefits considered more likely than not to be used as leave or settled at separation are recognized in the financial statements. The liability for accrued personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. The liability is classified as current or long-term based on previous history of usage by employees.

Long-Term Obligations
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balance
In the government-wide and proprietary fund financial statements, net position is classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net position - consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the governmental fund financial statements, fund balance is comprised of five different classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The fund balance is classified as follows:

- Nonspendable - Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

- Restricted - Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

- Committed - Assets with a purpose formally imposed by a formal action, an ordinance, of the City Council, binding unless modified or rescinded by the City Council.

- Assigned - Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Unlike commitments, assignments generally only exist temporarily.

In other words, an additional action does not normally have to be taken for the removal of the assignment. Encumbrances are included in assigned fund balances. Additional Information on encumbrance balances is provided in Note 10 – Encumbrances.

- Unassigned - All amounts not included in the other fund balance classifications. The general fund shall be the only fund required to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Concentrations of Credit Risk
Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for sewer and solid waste fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state, and county agencies for various grant programs.

Adopted Governmental Accounting Standards Board Statements
GASB Statement No. 102, *Certain Risk Disclosures*, aims to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. No material changes in disclosures were required.

Pending Governmental Accounting Standards Board Statements
GASB Statement No. 103, *Financial Reporting Model Improvements*, aims to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements for this statement are effective for periods beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* aims to provide users with essential information about capital assets and requires certain types of capital assets to be disclosed separately in the note disclosures required by Statement 34. The requirements for this statement are effective for periods beginning after June 15, 2025.

GASB Statement No. 105, *Subsequent Events,* aims to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements for this statement are effective for periods beginning after June 15, 2026.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City 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 City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were budget amendments in the Solid Waste Utility, Parks and Recreation, and Mayor Charity funds for the year ended December 31, 2025.

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. Management has the authority to revise departmental budgets within a fund; however, the City Council must approve changes to the appropriations at the fund level. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbrances outstanding in the governmental funds financial statements at year end are reported as assigned fund balances and do not constitute liabilities because the commitments will be honored during subsequent years.

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

Budget Violation
For the year ended December 31, 2025, expenditures exceeded the budget authority in the Glenwood Maintenance Fund by $1,138 and in the Capital Improvements Fund by $238,615, which are violations of K.S.A. 79-2935.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits
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. Kansas statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or be collateralized, and that collateral pledged must have a fair value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2025, the carrying amounts of the City's deposits were $3,415,657 and the bank balances totaled $3,399,646. Of the bank

balance, $279,904 was secured by federal deposit insurance and $3,119,742 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name.

Investments
As of December 31, 2025, the City had the following investments:

			Maturity (in Years)		
Investment Type		**Fair Value**	**Less than 1**	**1 - 10**	**More Than 10**
Kansas Municipal Investment Pool	$	1,950,822	1,950,822	-	-
Certificates of Deposit		730,937	730,937	-	-
Money Market Funds		49,140	49,140	-	-
Money Market Mutual Funds		812,993	812,993	-	-
U.S. Treasury Securities		8,901,011	8,901,011	-	-
U.S. Treasury Bills		3,622,884	3,622,884	-	-
Total	**$**	**16,067,787**	**16,067,787**	-	-

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes establish a two-year limitation on investment maturities. The City is not exposed to significant interest rate risk.

Credit 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.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof, investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poors Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof obligations or the Federal National Mortgage Association, Federal Home Loan Banks, or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof indirect obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. Kansas 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 – 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. At December 31, 2025, the City's investments were not exposed to custodial credit risk.

At December 31, 2025, the City had invested $1,950,822 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the KMIP is substantially the same as the value of the pool shares. The City's investments in the KMIP were not rated by a rating agency as of December 31, 2025.

Fair value measurement. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2025, the City's investment in the KMIP was considered a cash equivalent as all investments were held in the overnight pool. Investments that are considered cash equivalents are not classified in the fair value hierarchy.

At December 31, 2025, the City's investments were categorized within the fair value hierarchy as follows:

			Fair Value Measurement at Reporting Date Using		
Investment Type		**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Kansas Municipal Investment Pool	$	1,950,822	1,950,822	-	-
Certificates of Deposit		730,937	730,937	-	-
Money Market Funds		49,140	49,140	-	-
Money Market Mutual Funds		812,993	812,993	-	-
U.S. Treasury Securities		8,901,011	8,901,011	-	-
U.S. Treasury Bills		3,622,884	3,622,884	-	-
Total	$	16,067,787	16,067,787	-	-

NOTE 4 – CAPITAL PROJECTS

Following is a summary of costs to December 31, 2025 for capital projects compared to the amount authorized:

Project		Costs-to-Date	Amount Authorized
158th Street and Parallel Roadway Improvements	$	3,462,557	9,761,039

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2025 was as follows:

	Balance January 1, 2025	Increase	Decrease	Transfers	Balance December 31, 2025
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	$ 1,407,587	-	-	-	**1,407,587**
Construction in Progress	13,942,708	1,395,581	(11,875,732)	-	**3,462,557**
Total Capital Assets Not Being Depreciated	15,350,295	1,395,581	(11,875,732)	-	**4,870,144**
Capital Assets Being Depreciated:					
Land Improvements	685,146	-	-	-	**685,146**
Buildings	9,450,530	-	-	-	**9,450,530**
Infrastructure	27,616,713	24,150,123	-	-	**51,766,836**
Machinery and Equipemnt	3,262,691	160,932	-	-	**3,423,623**
Total Capital Assets Being Depreciated	41,015,080	24,311,055	-	-	**65,326,135**
Less Accumulated Depreciated for:					
Land Improvements	282,628	27,047	-	-	**309,675**
Buildings	515,859	228,770	-	-	**744,629**
Infrastructure	18,296,067	998,408	-	-	**19,294,475**
Machinery and Equipment	2,295,764	316,520	-	-	**2,612,284**
Total Accumulated Depreciated	21,390,318	1,570,745	-	-	**22,961,063**
Total Capital Assets Being Depreciated, Net	19,624,762	22,740,310	-	-	**42,365,072**
Governmental Activities Capital Assets, Net	$ **34,975,057**	**24,135,891**	**(11,875,732)**	**-**	**47,235,216**

	Balance January 1, 2025	Increase	Decrease	Transfers	Balance December 31, 2025
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Construction in Progress	$ 2,044,065	-	(2,044,065)	-	**-**
Capital Assets Being Depreciated:					
Buildings	9,972,508	-	-	-	**9,972,508**
Infrastructure	20,035,717	4,345,439	-	-	**24,381,156**
Machinery and Equipment	322,205	-	-	-	**322,205**
Total Capital Assets Being Depreciated	30,330,430	4,345,439	-	-	**34,675,869**
Less Accumulated Depreciated for:					
Buildings	4,254,511	221,411	-	-	**4,475,922**
Infrastructure	13,306,007	232,917	-	-	**13,538,924**
Machinery and Equipment	317,810	807	-	-	**318,617**
Total Accumulated Depreciated	17,878,328	455,135	-	-	**18,333,463**
Total Capital Assets Being Depreciated, Net	12,452,102	3,890,304	-	-	**16,342,406**
Business-Type Activities Capital Assets, Net	$ **14,496,167**	**3,890,304**	**(2,044,065)**	**-**	**16,342,406**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 245,793
Public Safety	204,823
Public Works (Including Depreciation of Infrastructure Assets)	1,038,592
Culture and Recreation	81,537
Total Depreciation Expense – Governmental Activities	**$ 1,570,745**

Business-Type Activities:		
Sewer Utility	$	**455,135**

NOTE 6 – LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds payable on December 31, 2025 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments in 2025	Outstanding December 31, 2025
General Obligation Bonds					
Governmental Activities					
Series 2013A Refunding	2.00%	$ 3,480,000	9/1/2025	$ 190,000	-
Series 2015A Improvement	3.25 - 4.00%	1,295,000	9/1/2035	65,000	740,000
Series 2019A Improvement	1.80 - 3.125%	2,105,000	9/1/2039	100,000	1,595,000
Series 2020A Improvement	2.00%	1,035,000	9/1/2030	100,000	535,000
Series 2020B Refunding	1.00 - 3.00%	2,840,000	9/1/2032	255,000	1,630,000
Series 2022A Improvement	3.00 - 3.50%	9,780,000	9/1/2043	360,000	9,070,000
Series 2023A Improvement	4.00%	8,295,000	9/1/2043	363,113	7,559,343
Series 2025A Improvement	4.00 - 5.00%	6,000,000	9/1/2044	305,000	5,695,000
				1,738,113	26,824,343
Business-Type Activities					
Series 2016A Refunding	2.00 - 2.25%	4,095,000	9/1/2030	315,000	1,510,000
Series 2023A Improvement	4.00%	500,000	9/1/2043	21,887	455,657
				336,887	1,965,657
Total General Obligation Bonds				$ 2,075,000	28,790,000

Annual debt service requirements for general obligation bonds are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	$ 1,496,976	973,885	348,024	49,713
2027	1,540,839	922,419	354,161	42,293
2028	1,594,702	869,248	365,298	34,726
2029	1,624,133	813,935	370,867	26,915
2030	1,597,996	935,132	197,004	18,117
2031-2035	7,250,666	2,959,051	129,334	54,781
2036-2040	6,887,036	1,695,895	117,964	31,142
2041-2044	4,831,995	404,155	83,005	6,720
	$ 26,824,343	**9,573,720**	**1,965,657**	**264,407**

Purchase Agreements – Direct Borrowing

The City has entered into a lease agreement as lessee for financing the acquisition of a solid waste truck, payable in semi-annual principal and interest payments of $10,961 through March 1, 2026. The outstanding balance at December 31, 2025 is $10,912. This lease agreement qualifies as a purchase

agreement and therefore has been recorded at the present value of future minimum lease payments as of the inception date.

The asset acquired through a purchase agreement is as follows:

Solid Waste Truck	$	106,238
Less Accumulated Depreciation		(68,296)
Net Book Value	$	**37,942**

The following is a schedule of future minimum lease payments for purchase agreements as of December 31, 2025:

	Principal	Interest	Total
2026	$ 10,912	49	**10,961**

Changes in Long-Term Liabilities
Long-term liability activity for the year ended December 31, 2025 was as follows:

	Balance January 1, 2025	Additions	Reductions	Outstanding December 31, 2025	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 22,562,456	6,000,000	(1,738,113)	26,824,343	1,496,976
Issuance Premiums	619,647	265,428	(51,697)	833,378	-
Purchase Agreements - Direct Borrowing	32,589	-	(21,677)	10,912	10,912
Compensated Absences (net change)	240,902	32,556	-	273,458	135,969
Net Pension Liability	2,195,751	188,278	-	2,384,029	-
Total Long-Term Liabilities - Governmental Activities	**25,651,345**	**6,486,262**	**(1,811,487)**	**30,326,120**	**1,643,857**
Business-Type Activities					
General Obligation Bonds	$ 2,302,544	-	(336,887)	1,965,657	348,024
Issuance Premiums	52,202	-	(7,215)	44,987	-
Compensated Absences (net change)	60,162	101,918	-	162,080	81,040
Total Long-Term Liabilities - Business-Type Activities	**2,414,908**	**101,918**	**(344,102)**	**2,172,724**	**429,064**

For the governmental activities, the net pension liability is generally liquidated by the general fund.

Development Incentive Programs
The City participates in various economic development programs authorized under Kansas statutes, including Tax Increment Financing (TIF) Districts, Community Improvement Districts (CID), and Reinvestment Housing Incentive Districts (RHID). These programs are used to finance infrastructure improvements and promote commercial and residential development within designated areas of the City. The finance obligations are payable solely from the respective district revenues and are not recorded as general obligations of the City.

Conduit Debt Obligations
The City has issued Special Obligation Revenue Bonds, which, in accordance with GASB Statement No. 91, *Conduit Debt Obligations*, have not been recorded as liabilities in the City's financial statements. Private developers used the proceeds of these bonds to finance capital expansion. The bonds are payable solely from special assessments and the City has no responsibility to make debt service payments if special assessments receipts are insufficient to cover debt service. The City has not made a voluntary commitment to cover debt service. As of December 31, 2025, there were four series of special obligation revenue bonds outstanding (Series 2020, 2021, 2022 and 2025).

	Date of Issuance	Maturity	Interest Rates		Original Principal	Beginning Balance 1/1/25	Additions	Reductions	Ending Balance 12/31/25
Series 2020	7/15/2020	10/1/2040	0%	$	345,750	274,410	-	17,980	256,430
Series 2021	4/6/2021	10/1/2041	0%		369,000	313,110	-	18,590	294,520
Series 2022	6/16/2022	10/1/2042	0%		475,850	428,125	-	23,605	404,520
Series 2025	4/17/2025	10/1/2045	0%		871,850	-	871,850	-	871,850
				$	2,062,450	1,015,645	871,850	60,175	1,827,320

To further economic development, the City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of healthcare facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the private-sector entity on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entity and maintenance of the tax-exempt status of conduit debt obligations were extended by the City for any of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2025, there was one Industrial Revenue Bond outstanding.

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Interfund transfers for the year ended December 31, 2025 were as follows:

		Transfers Out	Transfers In
Major Governmental Funds			
General	$	2,600,000	13,674
Capital Improvements Reserve		930,000	-
Employee Benefit		-	1,594,632
Bond and Interest		-	2,330,000
Nonmajor Governmental Funds		18,306	50,000
Major Business Funds			
Sewer Utility		380,000	-
Solid Waste Utility		60,000	-
Total Transfers	$	**3,988,306**	**3,988,306**

Transfers were used to move revenues from the fund that statutes or the budget requires to collect to the fund that statutes or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authority.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Basehor, Kansas participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public Employees, which includes
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Police and Firemen employees' group.

KPERS issues a stand-alone annual comprehensive financial report, which is available on the KPERS website at www.kspers.gov.

Benefits
Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points". Police and firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members, and employers. A new KPERS 3 cash balance retirement plan for new hires starting after January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions
Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions

and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2025.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for police and firemen employees are both 24.67%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2025 was 7.15% for police and firemen.

Contributions to the pension plan from the City were $281,369 for KP&F for the year ended December 31, 2025.

Employer Allocations
Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identity additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City share of the collective pension amounts as of December 31, 2025 were based on the ratio of each employer's contributions to the total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2025.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

Net Pension Liability
Net pension liability activity for the year ended December 31, 2025 was as follows:

	Police and Firemen
Net Pension Liability	$2,384,029
Measurement Date	June 30, 2025
Valuation Date	December 31, 2024
City's Proportion	0.1470%
Change in Proportion	0.0093%

Pension Plan Fiduciary Net Position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

Actuarial Assumptions

The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 15.50%, including price inflation
Investment rate of return net of investment expense, including price inflation	7.00%

Mortality rates were based on the Pub-2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study conducted for the four year period January 1, 2019 through December 31, 2022. The experience study is dated January 29, 2024.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Long-Term Target Allocation		Long-Term Expected Real Rate of Return	
Non-U.S. Equities	43.00	%	8.20	%
Core Fixed Income	13.00		2.20	
Yield Driven	12.00		5.30	
Infrastructure	3.00		6.80	
Real Estate	15.00		5.70	
Alternatives	11.00		12.00	
Short-term Investments	3.00		0.30	
Total	**100.00**	**%**		

Discount Rate

The discount rate used to measure the total pension liability for the year ended December 31, 2025 was 7.00%.

The projection of cash flows used to determine the discount rate was based on member and employer contributions. The police and firemen group are contributing at the full actuarial contribution rate. Based on

legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Police and Firemen	3,279,871	2,384,029	1,633,436

Pension Expense
For the year ended December 31, 2025, the City recognized pension expense of $369,074, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources
At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$	280,456	-
Net differences between projected and actual earnings on investments		-	61,931
Change of assumptions		58,328	-
Changes in proportionate share	$	131,770	149,562
Contributions subsequent to measurement date		133,357	-
Total	$	**603,911**	**211,493**

The $133,357 for the City, reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2026	$	186,689
2027		45,966
2028		(4,638)
2029		31,044
2030		-
Total	$	**259,061**

NOTE 9 – DEFINED CONTRIBUTION PLAN

All full-time employees employed by the City are entitled to enroll, at the City Council’s discretion, in a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). For all

employees who enroll in the plan, excluding those participating in the KP&F retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The contribution for the year ended December 31, 2025 was $52,998 from employees and $292,643 from the City.

NOTE 10 – ENCUMBRANCES

Encumbrances included in fund balances as of December 31, 2025 are reported in the accompanying table:

Fund		Encumbrances
Major Governmental Funds		
General	$	9,424
Capital Improvements Reserve		1,998,508
Total Reporting Entity	$	**2,007,932**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The City is a defendant in various legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of these matters is not presently determinable. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 175 participating members.

The City pays an annual premium to KMIT for its workers compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

NOTE 13 – SELF-FUNDED HEALTH INSURANCE PLAN

The City sponsors a self-funded employee health insurance plan to provide medical and pharmacy benefits to eligible employees and their dependents. The plan is administered by a third-party administrator (TPA) and operates under a level-funded (max-funded) structure, whereby the City makes predetermined monthly contributions to fund expected claims, stoploss premiums, and administrative costs.

Under the plan, the City maintains a claims payment account that is used to pay medical and pharmacy claims on behalf of plan participants. The City retains ownership of this account and is responsible for funding all claims liabilities. The TPA is authorized to disburse claim payments directly from the account.

The plan includes specific and aggregate stop-loss insurance coverage, which provides for reimbursement to the City for claims that exceed certain established thresholds. The stoploss insurance is structured as a reimbursement policy and does not provide direct payment to providers or participants. Accordingly, the City remains primarily liable for all claims incurred under the plan and records claim expenses as they are incurred. Stoploss coverage was in effect for individual claims exceeding $40,000 and $1,000,000 in the aggregate.

At December 31, 2025, the City recognized a liability for claims incurred but not yet paid of $38,617, which is included in accounts payable and other current liabilities. This includes both medical and pharmacy claims.

Actual claims experience may differ from the recognized liability due to factors such as claim reporting delays and timing of claim payments. Additionally, stop-loss reimbursements are subject to policy provisions, including deductibles, eligibility requirements, and claim adjudication by the carrier. Any differences between recognized liability and actual claims or reimbursements will be recognized in the period in which they become known.

NOTE 14 – PRIOR PERIOD RESTATEMENT

During 2025, the City reviewed the accrued payroll calculation and determined the allocation was not recorded for the employee benefit fund for $28,969. The City also had unrecorded interest in the general fund from a certificate of deposit for $39,147. The City also incorrectly recorded a retainage payable in construction in progress for $158,826. The payable was removed from the CIP before the asset was depreciated, which did not affect beginning net position. These changes were incorporated in the City's 2025 financial statements and had an effect on the following beginning net position.

	As Previously Stated	Prior Period Restatement	Restated
Government-wide Financial Statements			
Governmental Activities	$ 23,935,329	10,178	23,945,507
Individual Fund Financial Statements			
Governmental Funds			
General Fund	4,614,668	39,147	4,653,815
Employee Benefit Fund	750,352	(28,969)	721,383

The budgetary statements were corrected for accrued payroll not being included in the general, sewer utility and solid waste utility funds. The general fund was also corrected for land inventory that should not have been included. These changes were incorporated in the City's 2025 financial statements and had an effect on the following beginning budgetary basis fund balances.

	As Previously Stated	Prior Period Restatement	Restated
Budgetary Statements			
General Fund	4,505,251	(1,199,828)	3,305,423
Sewer Utility Fund	4,525,483	(9,749)	4,515,734
Solid Waste Utility Fund	22,805	(2,751)	20,054

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2026, which is the date the financial statements were available to be issued.

On May 28, 2025, the City authorized the execution of an agreement for the sale of 57.61 acres of land held for sale. The sale was finalized in March 2026.

CITY OF BASEHOR, KANSAS

Required Supplementary Information

CITY OF BASEHOR, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability

Kansas Public Employees Retirement System

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Collective Net Pension Liability	0.147000%	0.138000%	0.155000%	0.149000%	0.158000%	0.143000%	0.141000%	0.146000%	0.131000%	0.142000%
City's Proportionate Share of the Collective Net Pension Liability	$ 2,384,029	2,195,751	2,478,494	2,154,002	1,512,137	1,767,209	1,431,300	1,402,014	1,230,371	1,317,562
Contribution Deficiency (Excess)										
City's Covered Payroll	1,142,728	989,715	1,033,729	887,088	893,402	870,558	787,630	694,849	662,996	662,996
City's Proportionate Share of Contributions as a Percentage of Covered Payroll its Covered Payroll	208.63%	221.86%	239.76%	242.82%	169.26%	203.00%	181.72%	201.77%	185.58%	198.73%
Plan Fiduciary Net Position Total Pension Liability	75.26%	72.75%	70.70%	69.75%	76.40%	66.30%	71.20%	74.22%	72.15%	69.30%

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of the City's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
KPERS Contractually Required Contribution	$ 281,369	240,890	223,017	225,047	198,528	190,914	174,524	149,920	132,230	135,384
Contribution in Relation to the Contractually Required Contribution	(281,369)	(240,890)	(223,017)	(225,047)	(198,528)	(190,914)	(174,524)	(149,920)	(132,230)	(135,384)
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	-
City's Covered Payroll	$ 1,140,529	1,042,813	972,579	978,861	865,396	870,558	787,630	694,849	662,996	662,996
Contributions as a Percentage of Covered Payroll	24.67%	23.10%	22.93%	22.99%	22.94%	21.93%	22.16%	21.58%	19.94%	20.42%

See Independent Auditor's Report.

Changes in assumptions.

As a result of the experience study completed in 2014, there were several changes made to the actuarial assumptions and methods since the prior valuation.

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local-Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary provisions for Local, C55 and C60 members hired before July 1, 1993.
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation.

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS

- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1- year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation.

- The investment return assumption was lowered from 7.75% to 7.00%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

KP&F

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%

As a result of the experience study completed in January 2024, there were several changes made to the actuarial assumptions and methods since the prior valuation.

- The general wage growth assumption was increased from 12.00% to 15.50%.
- The active member mortality assumption was modified to also be based on the Pub 2010 Mortality Table with adjustments.

Changes from the January 2024 experience study that impacted the individual groups are listed below:

KPERS

- Retirement rates for the C60 group were adjusted to partially reflect observed experience.
- The probability of KPERS 1 members leaving their contributions with the System were modified to better reflect observed experience.
- Disability rates were reduced.
- Factors that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense component of the actuarial required contribution rate was increased from 0.18% to 0.23%.
- The merit salary increase assumption was increased.

KP&F

- Retirement rates were adjusted to partially reflect observed experience.
- Disability rates were reduced.
- Termination rates were increased.
- The administrative expense component of the actuarial required contribution rate was increased from 0.18% to 0.23%.
- The merit salary increase assumption was increased.

CITY OF BASEHOR, KANSAS

Other Supplementary Information

Combining Financial Statements and Individual Fund Schedules

NONMAJOR GOVERNMENTAL FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Nonmajor Special Revenue Funds are reported:

Special Alcohol and Drug Fund – to account for special alcohol liquor tax revenues that are restricted for the purpose of funding programs for the education, treatment and intervention of alcohol and drug abuse.

Major Charity Fund – to account for donations restricted for golf tournaments.

Assistance Program Fund – to account for revenues restricted for approved assistance programs (i.e., utility assistance program, exterior grant program and franchise fee rebate program) for qualifying residents.

Land Bank Fund – to account for fees restricted for the purpose of the land.

Parks and Recreation Fund – to account for ad valorem taxes levied for the purpose of parks and recreation.

Cedar Lakes Maintenance Fund – to account for fees restricted for Cedar Lakes maintenance.

Glenwood Maintenance Fund – to account for fees restricted for Glenwood maintenance.

CITY OF BASEHOR, KANSAS
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

		Special Alcohol and Drug	Mayor Charity	Assistance Program	Land Bank	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	Totals
ASSETS									
Cash and Investments	$	91,597	12,777	2,079	-	318,469	180,598	195,024	**800,544**
Receivables (Net of Allowance for Uncollectibles)									
Accounts		-	-	-	-	19,954	-	-	**19,954**
Total Assets	$	91,597	12,777	2,079	-	338,423	180,598	195,024	**820,498**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts Payable	$	-	8,238	-	-	8,483	3,174	3,174	**23,069**
Due to Other Funds		-	-	-	33	-	-	-	**33**
Total Liabilities		-	8,238	-	33	8,483	3,174	3,174	**23,102**
Fund Balance									
Restricted									
Culture and Recreation		-	4,539	-	-	329,940	-	-	**334,479**
Infrastructure Maintenance		-	-	-	-	-	177,424	191,850	**369,274**
Resident Assistance Program		-	-	2,079	-	-	-	-	**2,079**
Substance Abuse Prevention		91,597	-	-	-	-	-	-	**91,597**
Unassigned (deficits)		-	-	-	(33)	-	-	-	**(33)**
Total Fund Balance		91,597	4,539	2,079	(33)	329,940	177,424	191,850	**797,396**
Total Liabilities and Fund Balances	$	91,597	12,777	2,079	-	338,423	180,598	195,024	**820,498**

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

Year Ended December 31, 2025

	Special Alcohol and Drug	Mayor Charity	Assistance Program	Land Bank	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	Totals
Revenues								
Intergovernmental	$ 23,368	-	-	-	23,368	-	-	**46,736**
Licenses, Permits and Fees	-	-	-	-	32,364	40,000	33,000	**105,364**
Use of Property	-	-	-	-	47,459	-	-	**47,459**
Investment Income	2,267	250	32	-	8,946	4,613	5,033	**21,141**
Miscellaneous	-	53,467	-	-	6,783	-	-	**60,250**
Total Revenues	25,635	53,717	32	-	118,920	44,613	38,033	**280,950**
Expenditures								
Current								
General Government	70	-	313	-	-	-	-	**383**
Public Works	-	-	-	-	-	31,819	26,138	**57,957**
Culture and Recreation	-	56,762	-	-	342,017	-	-	**398,779**
Total Expenditures	70	56,762	313	-	342,017	31,819	26,138	**457,119**
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,565	(3,045)	(281)	-	(223,097)	12,794	11,895	**(176,169)**
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	50,000	-	-	**50,000**
Transfers Out	(18,306)	-	-	-	-	-	-	**(18,306)**
Total Other Financing Sources (Uses)	(18,306)	-	-	-	50,000	-	-	**31,694**
Net Change in Fund Balance	7,259	(3,045)	(281)	-	(173,097)	12,794	11,895	**(144,475)**
Fund Balance, Beginning of the Year	84,338	7,584	2,360	(33)	503,037	164,630	179,955	**941,871**
Fund Balance, End of Year	$ 91,597	4,539	2,079	(33)	329,940	177,424	191,850	**797,396**

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Special Alcohol and Drug Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Intergovernmental	$ **23,368**	28,000	28,000	(4,632)
Investment Income	**2,267**	-	-	2,267
Total Revenues	**25,635**	28,000	28,000	(2,365)
Expenditures				
General Government Expenses	**70**	-	-	70
Excess (Deficiency) of Revenues Over (Under) Expenditures	**25,565**	28,000	28,000	(2,435)
Other Financing Sources (Uses)				
Transfers Out	**(18,306)**	(22,000)	(22,000)	3,694
Net Change in Fund Balance	**7,259**	6,000	6,000	1,259
Fund Balance, Beginning	**84,338**			
Fund Balance, Ending	$ **91,597**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Mayor Charity Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Intergovernmental	$ **250**	-	78	172
Donations and Sponsorships	**53,467**	41,000	50,000	3,467
Total Revenues	**53,717**	41,000	50,078	3,639
Expenditures				
Culture and Recreation Expenses	**56,762**	41,000	55,000	1,762
(a) Adjustment for Qualifying Budget Credits	**-**	-	3,467	(3,467)
Total Expenditures	**56,762**	41,000	58,467	(1,705)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(3,045)**	-	(8,389)	5,344
Fund Balance, Beginning	**7,584**			
Fund Balance, Ending	$ **4,539**			

(a) Adjustment for Qualifying Budget Credits

Donations and Sponsorships Over Amount Budgeted	$ 3,467

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Assistance Program Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Investment Income	$ **32**	-	-	32
Expenditures				
Assistance Fund Payments	**313**	500	500	(187)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(281)**	(500)	(500)	219
Fund Balance, Beginning	**2,360**			
Fund Balance, Ending	$ **2,079**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Land Bank Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues	$ -	-	-	-
Expenditures				
General Government Expenses	-	250	250	(250)
Net Change in Fund Balance	-	(250)	(250)	250
Fund Balance, Beginning	(33)			
Fund Balance, Ending	$ (33)			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Parks and Recreation Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Intergovernmental	$ **23,368**	27,500	27,500	(4,132)
Use of Property	**47,459**	48,250	48,250	(791)
Licenses, Permits and Fees	**32,364**	18,100	18,100	14,264
Donations	**6,782**	-	-	6,782
Investment Income	**8,946**	1,000	1,000	7,946
Total Revenues	**118,919**	94,850	94,850	24,069
Expenditures				
Culture and Recreation Expenses	**336,017**	157,500	400,000	(63,983)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(217,098)**	(62,650)	(305,150)	88,052
Other Financing Sources				
Transfers In	**50,000**	75,000	75,000	(25,000)
Net Change in Fund Balance	**(167,098)**	12,350	(230,150)	63,052
Budgetary Basis Fund Balance, Beginning	**477,084**			
Budgetary Basis Fund Balance, Ending	**309,986**			
GAAP Adjustments				
Accounts Receivable	**19,954**			
Fund Balance, Ending	$ **329,940**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Cedar Lakes Maintenance Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Licenses, Permits and Fees	$ **40,000**	40,350	40,350	(350)
Investment Income	**4,613**	-	-	4,613
Total Revenues	**44,613**	40,350	40,350	4,263
Expenditures				
Public Works Expenses	**31,819**	35,000	35,000	(3,181)
Net Change in Fund Balance	**12,794**	5,350	5,350	7,444
Fund Balance, Beginning	**164,630**			
Fund Balance, Ending	$ **177,424**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Glenwood Maintenance Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Licenses, Permits and Fees	$ **33,000**	33,000	33,000	-
Investment Income	**5,033**	4,000	4,000	1,033
Total Revenues	**38,033**	37,000	37,000	1,033
Expenditures				
Public Works Expenses	**26,138**	25,000	25,000	1,138
Net Change in Fund Balance	**11,895**	12,000	12,000	(105)
Fund Balance, Beginning	**179,955**			
Fund Balance, Ending	$ **191,850**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Sewer Utility Fund

For the Year Ended December 31, 2025

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance Over (Under)
Revenues				
Charges for Services	$ **2,644,747**	2,639,000	2,639,000	5,747
Investment Income	**140,345**	50,000	50,000	90,345
Miscellaneous	**40,144**	12,500	12,500	27,644
Total Revenues	**2,825,236**	2,701,500	2,701,500	123,736
Expenditures				
Sewer Expenditures	**1,467,153**	2,277,609	2,277,609	(810,456)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**1,358,083**	423,891	423,891	934,192
Other Financing Uses				
Transfers Out	**380,000**	380,000	380,000	-
Net Change in Fund Balance	**978,083**	43,891	43,891	934,192
Budgetary Basis Fund Balance, Beginning as Previously Stated	**4,525,483**			
Prior Period Restatement	**(9,749)**			
Budgetary Basis Fund Balance, Beginning as Restated	**4,515,734**			
Budgetary Basis Fund Balance, Ending	**5,493,817**			
GAAP Adjustments				
Accounts Receivable	**250,068**			
Capital Assets	**16,342,406**			
Accrued Interest	**(16,571)**			
Compensated Absences	**(143,340)**			
Bonds Payable	**(2,010,644)**			
Fund Balance, Ending	$ **19,915,736**			

See Independent Auditor's Report.

CITY OF BASEHOR, KANSAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget

Budgetary Basis

Solid Waste Utility Fund

For the Year Ended December 31, 2025

		Budgeted Amounts		Variance Over
	Actual	Original	Final	(Under)
Revenues				
Charges for Services	$ **912,125**	930,931	995,000	(82,875)
Investment Income	**2,197**	500	2,000	197
Miscellaneous	**20,022**	500	750	19,272
Total Revenues	**934,344**	931,931	997,750	(63,406)
Expenditures				
Solid Waste Expenditures	**874,752**	866,239	1,000,000	(125,248)
Excess (Deficiency) of Revenues Over (Under) Expenditures	**59,592**	65,692	(2,250)	61,842
Other Financing Uses				
Transfers Out	**60,000**	60,000	60,000	-
Net Change in Fund Balance	**(408)**	5,692	(62,250)	61,842
Budgetary Basis Fund Balance, Beginning as Previously Stated	**22,805**			
Prior Period Restatement	**(2,751)**			
Budgetary Basis Fund Balance, Beginning as Restated	**20,054**			
Budgetary Basis Fund Balance, Ending	**19,646**			
GAAP Adjustments				
Accounts Receivable	**103,308**			
Compensated Absences	**(18,740)**			
Fund Balance, Ending	$ **104,214**			

See Independent Auditor's Report.