CITY OF MOUNT HOPE, KANSAS

Financial Statement

For the Year Ended December 31, 2025

City of Mount Hope, Kansas

For the Year Ended December 31, 2025

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Knudsen Monroe & Company LLC

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Mount Hope
Mount Hope, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Mount Hope, Kansas (City), and its related municipal entity, as of and for the year ended December 31, 2025, and the related disclosures to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2025 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-actual-related municipal entity and the summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2025 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2025 basic financial statement. The 2025 information has been subjected to the auditing procedures applied in the audit of the 2025 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2025 basic financial statement or to the 2025 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the 2025 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated May 27, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedule of regulatory basis receipts and expenditures-actual-related municipal entity for the year ended December 31, 2025 (Schedules 2 and 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2025 basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Krueden, Monroe, & Company LLC

Certified Public Accountants
Newton, Kansas
March 7, 2026

City of Mount Hope, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 310,767	830,155	811,119	329,803	19,352	349,155
Special Purpose Funds						
Employee Benefit	15,864	195,628	187,954	23,538	7,924	31,462
Library	486	26,727	27,213	-	395	395
Special Street and Highway	348,107	71,302	-	419,409	-	419,409
Equipment Replacement						
Police	52,456	30,000	-	82,456	-	82,456
Fire	29,315	42,106	14,011	57,410	-	57,410
Utility	37,636	28,100	19,518	46,218	2,634	48,852
ARPA Grant	77,219	151	31,792	45,578	-	45,578
Bond and Interest Fund	3,708	63,849	62,200	5,357	-	5,357
Business Funds						
Electric	286,733	812,030	793,020	305,743	5,366	311,109
Sewer	15,861	89,005	91,443	13,423	3,608	17,031
Solid Waste	40,709	116,921	81,700	75,930	22	75,952
Water	34,077	109,864	110,259	33,682	2,429	36,111
Electric Maintenance Reserve	63,551	-	-	63,551	-	63,551
Sewer Reserve	10,340	-	-	10,340	-	10,340
Water Reserve	44,730	-	-	44,730	-	44,730
Trust Fund						
Special Law Enforcement Trust Fund	1,289	-	-	1,289	-	1,289
Related Municipal Entity						
Library Board	65,269	50,816	39,470	76,615	-	76,615
Total Reporting Entity						
(Excluding Agency funds)	$ 1,438,117	2,466,654	2,269,699	1,635,072	41,730	1,676,802

Composition of Cash	
Cash on hand	$ 200
First National Bank of Hutchinson	
Checking	111,751
Insured Cash Sweep (ICS)	1,053,087
Money Market	67,747
Certificates of Deposit	4,751
Legacy Bank	
Checking	45,578
Savings	13,021
Certificate of Deposit	305,269
Money Market	23,707
First National Bank of Hutchinson, Library	76,615
Total Cash	1,701,726
Less Agency Funds per Schedule 4	24,924
Total Reporting Entity	$ 1,676,802

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Mount Hope is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Mount Hope (City) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Library Board – The City of Mount Hope Library Board operates the City's public library. The City provides funding for the library through special purpose and general fund appropriations. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City.

Regulatory Basis Fund Types

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

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

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

Business Fund – used to account in whole or in part for fees charged to users of the goods or services (i.e., water fund, electric fund, etc.).

Trust Fund – used to report assets held in trust for the benefit of the City (i.e., pension funds, investment trust funds, private purpose trust funds which benefit the City, scholarship funds, etc.).

Agency Fund – used to report assets held by the City in a purely custodial capacity (i.e., sales tax collection account).

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Fund and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the City is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The 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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for Equipment Replacement Funds, Business Reserve Funds, Trust Funds or Agency Funds.

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

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. DEPOSITS AND INVESTMENTS

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

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits, including its related municipal entity, was $1,701,517 and the bank balance was $1,755,696. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $1,606,121 was covered by federal depository insurance and $149,575 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Insured Cash Sweep (ICS)

The City invests in an Insured Cash Sweep account, which is a service that breaks up large deposits and places them across a network of banks and savings associations around the United States. This allows the City to deal with a single bank that participates in ICS but avoid having funds above the FDIC deposit insurance limits in one bank.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The City was not in compliance with K.S.A. 79-2935, which requires that expenditures are controlled so that no indebtedness is created in excess of budgeted limits. At December 31, 2025, the Solid Waste Fund was out of compliance with this statute, and has been corrected.

4. OPERATING LEASE

The City has entered into an operating lease agreement for a copier for a total of 63 months. Payments totaling $2,707, including overage charges, were made in the year ended December 31, 2025. Under the current lease agreement, the future scheduled minimum payments are as follows:

2026	$ 2,529
2027	2,759
2028	2,759
2029	2,759
2030	920

5. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2010	4.00%	06/29/10	$ 685,000	12/01/30	$ 180,000	-	55,000	125,000	7,200
Finance Leases									
Freightliner Tanker Truck	3.00%	07/19/19	77,034	04/25/25	13,626	-	13,626	-	385
Polaris Ranger 2022	3.00%	08/11/22	14,429	08/15/27	9,062	-	9,062	-	162
Larsen Community Center	4.95%	07/26/23	28,500	07/26/28	23,353	-	8,320	15,033	1,456
HVAC System	5.00%	04/10/24	20,069	04/10/29	20,069	-	3,679	16,390	901
Vermeer Trailer	4.75%	10/10/24	68,837	12/10/29	68,837	-	12,033	56,804	3,609
KPP Electric	4.52%	01/01/25	563,507	12/01/44	-	563,507	16,237	547,270	23,045
					134,947	563,507	62,957	635,497	29,558
Total contractual indebtedness					$ 314,947	563,507	117,957	760,497	36,758

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

	Year ending December 31								
	2026	2027	2028	2029	2030	2031-2035	2036-2040	2040-2044	Total
Principal									
General Obligation Bonds	$ 25,000	25,000	25,000	25,000	25,000	-	-	-	125,000
Finance Leases	38,416	43,186	45,138	40,756	22,155	127,088	159,246	159,512	635,497
Total principal	63,416	68,186	70,138	65,756	47,155	127,088	159,246	159,512	760,497
Interest									
General Obligation Bonds	5,000	4,000	3,000	2,000	1,000	-	-	-	15,000
Finance Leases	27,918	26,407	24,351	22,271	20,698	87,179	55,020	15,472	279,316
Total interest	32,918	30,407	27,351	24,271	21,698	87,179	55,020	15,472	294,316
Total principal and interest	$ 96,334	98,593	97,489	90,027	68,853	214,267	214,266	174,984	1,054,813

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Special Street and Highway	K.S.A. 12-1,119	$ 40,000
General	Equipment Replacement-Police	K.S.A. 12-1,117	30,000
General	Equipment Replacement-Fire	K.S.A. 12-1,117	25,000
General	Equipment Replacement-Utility	K.S.A. 12-1,117	17,700
Electric	General	K.S.A. 12-825d	52,500
Electric	Employee Benefit	K.S.A. 12-825d	40,000
Electric	Equipment Replacement-Utility	K.S.A. 12-825d	10,000
Sewer	Bond and Interest	K.S.A. 12-825d	12,000
Water	Bond and Interest	K.S.A. 12-825d	12,000

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium.

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

Death and Disability Other Post-Employment Benefits

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

Compensated Absences

Full-time employees earn paid vacation according to the following schedule:

Years of continuous service	0 to 5	5 to 10	10 to 20	20+
Hours earned each month	6.66	8.50	10.00	13.20
Maximum hours of accumulation	80.00	104.00	120.00	160.00

Unused vacation time is paid to employees upon termination. Unused vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn eight hours of sick leave for each month of service which can be accumulated to a maximum of 480 hours. Unused sick leave is not paid to employees upon termination. Unused sick leave has not been recorded as a liability in the accompanying financial statement.

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $29,743 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $238,485. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. RISK MANAGEMENT (continued)

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

10. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2025, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through March 7, 2026, which is the date at which the financial statement was available to be issued.

CITY OF MOUNT HOPE

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

City of Mount Hope, Kansas

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	$ 1,004,387	-	1,004,387	811,119	(193,268)
SPECIAL PURPOSE FUNDS					
Employee Benefit	220,000	-	220,000	187,954	(32,046)
Library	27,801	-	27,801	27,213	(588)
Special Street and Highway	350,000	-	350,000	-	(350,000)
BOND AND INTEREST FUND	70,000	-	70,000	62,200	(7,800)
BUSINESS FUNDS					
Electric	844,500	-	844,500	793,020	(51,480)
Sewer	112,525	-	112,525	91,443	(21,082)
Solid Waste	81,700	-	81,700	81,700	-
Water	125,935	-	125,935	110,259	(15,676)

City of Mount Hope, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 327,888	245,270	271,962	(26,692)
Delinquent tax	7,284	12,046	4,000	8,046
Vehicle tax	36,065	44,591	44,166	425
State assessed utilities tax	11,204	7,672	10,000	(2,328)
Local sales tax	177,178	192,101	175,000	17,101
City sales tax	13,995	71,391	22,200	49,191
Township payments	-	-	17,700	(17,700)
Fines and fees	36,760	31,999	40,500	(8,501)
Fire protection fees	-	-	3,000	(3,000)
Licenses and permits	5,850	4,343	7,200	(2,857)
Franchise tax	18,674	26,014	26,000	14
Interest	36,967	54,359	19,000	35,359
Late charges	22,861	20,041	20,500	(459)
Swimming pool	8,640	9,945	9,500	445
Neighborhood revitalization	9,116	11,842	24,000	(12,158)
Larsen Community Center	20,945	12,163	8,000	4,163
Other income and reimbursements	38,943	33,878	37,500	(3,622)
Transfers from				
Electric	40,000	52,500	52,500	-
Water	-	-	4,000	(4,000)
Total Receipts	812,370	830,155	796,728	33,427
EXPENDITURES, page 14	683,891	811,119		
Receipts over (under) expenditures	128,479	19,036		
UNENCUMBERED CASH, beginning	182,288	310,767		
UNENCUMBERED CASH, ending	$ 310,767	329,803		

City of Mount Hope, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
EXPENDITURES				
Administrative	$ 117,511	141,927	170,553	(28,626)
General business	66,003	45,954	19,763	26,191
Police	183,451	192,187	204,722	(12,535)
Fire	42,523	53,750	93,500	(39,750)
Ambulance subsidy	54,969	54,436	55,000	(564)
Swimming pool	15,881	29,934	88,300	(58,366)
Court	15,403	20,251	21,592	(1,341)
Park department	20,092	43,993	85,000	(41,007)
Ball park	1,627	1,312	3,000	(1,688)
Building maintenance	8,600	-	6,200	(6,200)
Streets	6,901	31,963	15,100	16,863
Community projects	5,502	5,512	6,000	(488)
Economic development	2,165	2,035	10,000	(7,965)
Planning/zoning	-	-	12,000	(12,000)
Code enforcement	5,349	4,175	5,848	(1,673)
Library	1,051	13,048	10,000	3,048
Neighborhood revitalization	14,589	27,017	22,500	4,517
Larsen Community Center	29,774	30,925	13,759	17,166
Tree board	-	-	1,550	(1,550)
Recreation Department	-	-	5,000	(5,000)
Transfer to				
Special Street and Highway	40,000	40,000	100,000	(60,000)
Equipment Replacement-Police	30,000	30,000	30,000	-
Equipment Replacement-Fire	22,500	25,000	25,000	-
Equipment Replacement-Utility	-	17,700	-	17,700
Total Expenditures	$ 683,891	811,119	1,004,387	(193,268)

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
EMPLOYEE BENEFIT				
RECEIPTS				
Ad valorem property tax	$ -	122,817	136,181	(13,364)
Delinquent tax	2,055	1,366	2,550	(1,184)
State assessed utility tax	-	3,842	5,904	(2,062)
Vehicle tax	10,946	584	-	584
Interest and other	30,161	27,019	35,096	(8,077)
Transfer from				
Electric	40,000	40,000	40,000	-
Water	-	-	5,000	(5,000)
Total Receipts	83,162	195,628	224,731	(29,103)
EXPENDITURES				
Health insurance premiums	60,321	104,734	125,000	(20,266)
Unemployment tax	(41)	362	1,500	(1,138)
KPERS	19,903	32,793	37,000	(4,207)
Social security	18,748	27,629	30,000	(2,371)
Insurance claims paid	22,863	22,150	26,500	(4,350)
Miscellaneous	-	286	-	286
Total Expenditures	121,794	187,954	220,000	(32,046)
Receipts over (under) expenditures	(38,632)	7,674		
UNENCUMBERED CASH, beginning	54,496	15,864		
UNENCUMBERED CASH, ending	$ 15,864	23,538		

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
LIBRARY				
RECEIPTS				
Ad valorem property tax	$ 23,763	21,853	24,228	(2,375)
Delinquent tax	650	956	700	256
State assessed utility tax	813	683	-	683
Vehicle tax	2,673	3,235	3,201	34
Total Receipts	27,899	26,727	28,129	(1,402)
EXPENDITURES				
Appropriations to Library Board	27,413	27,213	27,801	(588)
Receipts over (under) expenditures	486	(486)		
UNENCUMBERED CASH, beginning	-	486		
UNENCUMBERED CASH, ending	$ 486	-		

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SPECIAL STREET AND HIGHWAY				
RECEIPTS				
State payments	$ 21,771	21,702	21,670	32
County payments	9,532	9,600	9,560	40
City sales tax	24,210	-	-	-
Transfer from General	40,000	40,000	100,000	(60,000)
Total Receipts	95,513	71,302	131,230	(59,928)
EXPENDITURES				
Contractual services	-	-	350,000	(350,000)
Receipts over (under) expenditures	95,513	71,302		
UNENCUMBERED CASH, beginning	252,594	348,107		
UNENCUMBERED CASH, ending	$ 348,107	419,409		

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2024	2025
EQUIPMENT REPLACEMENT-POLICE		
RECEIPTS		
Reimbursements	$ 500	-
Transfer from General	30,000	30,000
Total receipts	30,500	30,000
EXPENDITURES		
Capital outlay	34,078	-
Receipts over (under) expenditures	(3,578)	30,000
UNENCUMBERED CASH, beginning	56,034	52,456
UNENCUMBERED CASH, ending	$ 52,456	82,456
EQUIPMENT REPLACEMENT-FIRE		
RECEIPTS		
Other income	$ 19,361	17,106
Transfer from General	22,500	25,000
Total receipts	41,861	42,106
EXPENDITURES		
Capital outlay	61,703	-
Capital outlay - principal	13,304	13,626
Capital outlay - interest	815	385
Total expenditures	75,822	14,011
Receipts over (under) expenditures	(33,961)	28,095
UNENCUMBERED CASH, beginning	63,276	29,315
UNENCUMBERED CASH, ending	$ 29,315	57,410

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2024	2025
EQUIPMENT REPLACEMENT-UTILITY		
RECEIPTS		
Proceeds from sale of equipment	$ -	400
Transfer from		
General Fund	-	17,700
Electric Fund	8,000	10,000
Sewer Fund	8,500	-
Water Fund	5,000	-
Total receipts	21,500	28,100
EXPENDITURES		
Capital outlay	-	19,518
Receipts over (under) expenditures	21,500	28,100
UNENCUMBERED CASH, beginning	16,136	37,636
UNENCUMBERED CASH, ending	$ 37,636	65,736
ARPA GRANT		
RECEIPTS		
Interest income	$ 191	151
EXPENDITURES		
Capital outlay	32,005	31,792
Receipts over (under) expenditures	(31,814)	(31,641)
UNENCUMBERED CASH, beginning	109,033	77,219
UNENCUMBERED CASH, ending	$ 77,219	45,578

City of Mount Hope, Kansas

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Delinquent tax	$ -	-	5,200	(5,200)
Special assessments	22,700	39,849	18,267	21,582
Transfer from				
Sewer	16,500	12,000	20,000	(8,000)
Water	18,000	12,000	20,000	(8,000)
Total Receipts	57,200	63,849	63,467	382
EXPENDITURES				
Principal	45,000	55,000	60,000	(5,000)
Interest	9,000	7,200	10,000	(2,800)
Total Expenditures	54,000	62,200	70,000	(7,800)
Receipts over (under) expenditures	3,200	1,649		
UNENCUMBERED CASH, beginning	508	3,708		
UNENCUMBERED CASH, ending	$ 3,708	5,357		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
ELECTRIC				
RECEIPTS				
Sales to consumers	$ 830,743	807,341	815,500	(8,159)
Collections and other	4,581	4,689	28,205	(23,516)
Total Receipts	835,324	812,030	843,705	(31,675)
EXPENDITURES				
Personnel services	37,441	51,236	54,000	(2,764)
Contractual services	33,811	44,638	35,500	9,138
Commodities	38,098	34,578	44,000	(9,422)
Wholesale electricity	512,061	517,176	493,500	23,676
Lease purchase principal	27,860	19,506	63,000	(43,494)
Lease purchase interest	280	23,386	12,000	11,386
Transfer to				
General	40,000	52,500	52,500	-
Employee Benefit	40,000	40,000	40,000	-
Equipment Replacement-Utility	8,000	10,000	10,000	-
Electric Maintenance Reserve	-	-	40,000	(40,000)
Total Expenditures	737,551	793,020	844,500	(51,480)
Receipts over (under) expenditures	97,773	19,010		
UNENCUMBERED CASH, beginning	188,960	286,733		
UNENCUMBERED CASH, ending	$ 286,733	305,743		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SEWER				
RECEIPTS				
Sales to consumers	$ 93,367	89,005	92,000	(2,995)
Other	-	-	10,000	(10,000)
Total Receipts	93,367	89,005	102,000	(12,995)
EXPENDITURES				
Personnel services	27,797	8,705	35,000	(26,295)
Contractual services	22,641	34,229	16,500	17,729
Commodities	20,077	34,204	27,000	7,204
Lease purchase principal	713	2,265	850	1,415
Lease purchase interest	90	40	175	(135)
Transfer to				
Equipment Replacement-Utility	8,500	-	5,000	(5,000)
Bond & Interest	16,500	12,000	20,000	(8,000)
Sewer Reserve	-	-	8,000	(8,000)
Total Expenditures	96,318	91,443	112,525	(21,082)
Receipts over (under) expenditures	(2,951)	(2,438)		
UNENCUMBERED CASH, beginning	18,812	15,861		
UNENCUMBERED CASH, ending	$ 15,861	13,423		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SOLID WASTE				
RECEIPTS				
Sales to consumers	$ 113,499	111,920	91,500	20,420
Miscellaneous	4,179	4,486	4,500	(14)
Other	5	515	-	515
Total Receipts	117,683	116,921	96,000	20,921
EXPENDITURES				
Personnel services	6,270	4,693	2,700	1,993
Contractual services	97,324	77,007	79,000	(1,993)
Total Expenditures	103,594	81,700	81,700	-
Receipts over (under) expenditures	14,089	35,221		
UNENCUMBERED CASH, beginning	26,620	40,709		
UNENCUMBERED CASH, ending	$ 40,709	75,930		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
WATER				
RECEIPTS				
Sales to consumers	$ 112,838	109,864	115,000	(5,136)
EXPENDITURES				
Personnel services	24,564	24,904	28,000	(3,096)
Contractual services	31,396	41,967	30,000	11,967
Commodities	13,406	29,083	23,500	5,583
Lease purchase principal	713	2,265	360	1,905
Lease purchase interest	90	40	75	(35)
Transfer to				
General	-	-	4,000	(4,000)
Employee Benefit	-	-	5,000	(5,000)
Equipment Replacement-Utility	5,000	-	15,000	(15,000)
Bond and Interest	18,000	12,000	20,000	(8,000)
Total Expenditures	93,169	110,259	125,935	(15,676)
Receipts over (under) expenditures	19,669	(395)		
UNENCUMBERED CASH, beginning	14,408	34,077		
UNENCUMBERED CASH, ending	$ 34,077	33,682		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2024	2025
ELECTRIC MAINTENANCE RESERVE		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	63,551	63,551
UNENCUMBERED CASH, ending	$ 63,551	63,551
SEWER RESERVE		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	10,340	10,340
UNENCUMBERED CASH, ending	$ 10,340	10,340
WATER RESERVE		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	44,730	44,730
UNENCUMBERED CASH, ending	$ 44,730	44,730

City of Mount Hope, Kansas

Trust Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2024	2025
SPECIAL LAW ENFORCEMENT TRUST FUND		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	1,289	1,289
UNENCUMBERED CASH, ending	$ 1,289	1,289

City of Mount Hope, Kansas

Related Municipal Entity

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2024	2025
LIBRARY BOARD		
RECEIPTS		
City of Mount Hope	$ 24,930	27,213
SCKLS and other grants	4,874	15,702
State of Kansas	286	-
Township appropriation	6,789	7,355
Interest	8	10
Other	27	536
Total Receipts	36,914	50,816
EXPENDITURES		
Personnel services	22,259	24,501
Books, periodicals and materials	6,607	7,778
Operating supplies and commodities	1,469	4,909
Telephone and utilities	2,061	2,282
Total Expenditures	32,396	39,470
Receipts over (under) expenditures	4,518	11,346
UNENCUMBERED CASH, beginning	60,751	65,269
UNENCUMBERED CASH, ending	$ 65,269	76,615

City of Mount Hope, Kansas

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended December 31, 2025

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
AMBULANCE ESCROW				
DEPARTMENT OF LABOR	$ 4,567	184	-	4,751
METER DEPOSITS	19,673	4,200	3,700	20,173
	$ 24,240	4,384	3,700	24,924