CITY OF OTTAWA, KANSAS

Financial Statements

For the Year Ended December 31, 2025

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CITY OF OTTAWA, KANSAS
Financial Statements
For the Year Ended December 31, 2025
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Ottawa, Kansas

Report on the Audit of the Financial Statements

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 Ottawa, Kansas, (the City), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse 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 the 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), the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States 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 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. We did not audit the financial statements of the Ottawa Library, which is a related municipal entity and 4.01% and 2.94%, respectively, of the assets and regulatory basis receipts of the reporting entity. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ottawa Library, is based solely on the report of the other auditors. 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 and *Government 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 statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements-agency funds and the schedule of regulatory basis receipts and expenditures-related municipal entity (Schedules 1, 2, 3 and 4) as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated April 29, 2026, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Matters

The 2024 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Ottawa, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated May 12, 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/oar/municipalservices. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 29, 2026

CITY OF OTTAWA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 3,481,002	$ -	$ 14,169,228	$ 14,881,840	$ 2,768,390	$ 493,109	$ 3,261,499
Special Purpose Funds:							
Community Services Support	74,283	-	194,850	190,305	78,828	-	78,828
Municipal Auditorium	48,781	-	409,901	366,019	92,663	13,895	106,558
Airport	234,951	-	261,826	176,031	320,746	696	321,442
Special Park and Recreation	244,878	-	94,145	5,858	333,165	-	333,165
Special Alcohol Program	19,296	-	45,153	38,000	26,449	-	26,449
Library	-	-	1,220,149	1,220,149	-	-	-
Economic Development	538,647	-	155,281	261,423	432,505	24,253	456,758
Special Streets	1,249,982	-	605,690	475,744	1,379,928	8,203	1,388,131
Equipment Reserve	1,090,930	-	371,923	381,373	1,081,480	-	1,081,480
Risk Management	929,813	-	1,261,906	1,162,924	1,028,795	2,434	1,031,229
Land Bank	10,303	-	-	-	10,303	-	10,303
Proximity Park Sales Tax	3,889,375	-	2,262,482	866,514	5,285,343	-	5,285,343
Golf Course	136,836	-	611,657	649,606	98,887	15,540	114,427
Non-Budgeted Special Purpose Funds	3,460,221	-	1,323,941	730,592	4,053,570	79,170	4,132,740
Governmental Grants Funds	2,111,246	-	62,021	1,304,436	868,831	78,033	946,864
Bond and Interest Funds:							
Bond and Interest	112,144	-	3,355,511	3,380,517	87,138	-	87,138
WWTP Funding	714,512	-	19,231	120,490	613,253	-	613,253
Capital Project Funds	5,666,046	-	1,305,800	1,057,487	5,914,359	228,135	6,142,494
Business Funds:							
Storm Water Utility	1,710,050	-	557,874	462,714	1,805,210	17,407	1,822,617
Water Utility	925,437	-	3,856,778	3,775,896	1,006,319	276,774	1,283,093
Wastewater Utility	2,550,340	-	3,292,230	3,554,229	2,288,341	710,175	2,998,516
Electric Utility	7,326,379	-	18,235,602	17,879,749	7,682,232	844,339	8,526,571
Utility Credit	131,914	-	-	3,653	128,261	26,764	155,025
Health Insurance	1,294,634	-	2,793,445	1,974,889	2,113,190	2,929	2,116,119
Total primary government	37,952,000	-	56,466,624	54,920,438	39,498,186	2,821,856	42,320,042
Related municipal entities:							
Ottawa Library	1,634,337	-	2,733,409	3,190,470	1,177,276	47,354	1,224,630
Total reporting entity [excluding agency funds]	$ 39,586,337	$ -	$ 59,200,033	$ 58,110,908	$ 40,675,462	$ 2,869,210	$ 43,544,672

Composition of Cash:	
Kansas State Bank	
Checking	$ 4,512,938
Money Market	8,934,304
Certificates of Deposit	2,000,000
Kansas Municipal Investment Pool	
OMIP Overnight Pool	1,207
Bank Midwest	
Checking	17,997
OakStar Bank	
Money Market	18,974,447
Certificates of Deposit	7,000,000
GSSB Bank	
Certificates of Deposit	1,000,000
Petty Cash	3,527
Ottawa Library - Checking	357,047
Ottawa Library - Equity Investments	867,443
Ottawa Library - Petty Cash	140
Total Cash	43,669,050
Less: Agency Funds per Schedule 3	[124,378]
Total Reporting Entity [Excluding Agency Funds]	$ 43,544,672

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

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Ottawa, founded in 1864 and incorporated in 1866, is governed by a city manager form of government with an elected five-member commission. The commission annually selects a Mayor from its ranks to serve a one-year term.

These financial statements present the City (the municipality) and its related municipal entity, the Ottawa Library. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and its constituents.

The Ottawa Library provides library services to the area. The seven-member Library board is appointed by the City. The City appropriates and tax monies to the Library. The Library's 2025 financial statements have been included as Schedule 4 of the City's financial statements.

Complete financial statements for the individual related municipal entity may be obtained at the Library's administrative offices located at 101 South Hickory, Ottawa, Kansas.

Basis of Accounting

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

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

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2025:

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

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

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

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

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

Agency Funds - to account for assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE 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 funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the 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 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 during 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. 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 Capital Project funds, Agency Funds, and the following special purpose and business funds:

- Sutherlands CID Fund
- Law Enforcement Trust Fund
- Holiday Inn TIF/CID Fund
- South Highway 59 TIF Fund
- K-68 TIF Fund
- Princeton TIF/CID Fund
- AEO Foundation Grant Fund
- ARPA Grant Fund
- OMA Grant Fund
- BASE Grant Fund
- Opioid Settement Fund
- Utility Credit Fund
- Health Insurance Fund

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 city commission.

NOTE 2 - Deposits and Investments

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

		Investment Maturities (in Years)		
Investment Type	Cost	Less than 1	1 - 2	Rating U.S.
Kansas Municipal Investment Pool	$ 1,207	$ 1,207	$ -	N/A

Deposits. 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.

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

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2025, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100%

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." The City's deposits were fully secured at December 31, 2025.

As of December 31, 2025, the City's carrying amount of deposits was $42,439,686 and the bank balance was $42,723,906. The bank balance was held four banks, which reduces concentration of credit risk. Of the bank balance, $786,932 was covered by federal depository insurance, and the remaining $41,936,974 was collateralized with securities held by the pledging financial institutions' agents in the City's name

As of December 31, 2025, the carrying amount of the Ottawa Library's deposits was $357,187 (which includes $140 in cash on hand), and the bank balance was $519,949. The bank balance was held by four banks, which reduces concentration of credit risk. Of the bank balance, $519,949 was covered by federal depository insurance. The Library also has investments in mutual funds under a 501(c)3 not for profit organization with a carrying value of $1,013,631 and a market value of $867,443.

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

As of December 31, 2025, the City had invested $1,207 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 ten 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.

NOTE 3 - Compensated Absences

The City's policies regarding vacation and sick pay permit employees to accumulate a maximum of 30 days of vacation pay and 120 days of sick pay. Policies prohibit payment of vacation time in lieu of time-off and restricts sick pay compensation to a maximum of 60 days on date of employment termination. Unpaid vacation pay and unpaid sick pay amounts are not accrued in these financial statements. As of December 31, 2025, the City estimates the total accumulated vacation and unpaid sick pay amounted to $873,990 and $916,223, respectively.

NOTE 4 - Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All full-time City employees are eligible to participate in the Plan. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently, all benefits offered through the Plan involve insurance coverage, unreimbursed medical care and dependent care assistance.

NOTE 5 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust.

NOTE 6 - 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 Comprehensive Annual Financial Report which can be found on the KPERS website at www.kspers.gov 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $857,394 for KPERS and $1,057,724 for KP&F for the year ended December 31, 2025. Contributions to the pension plan from the Library were $67,978.

Net Pension Liability. As of December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $6,297,704 and $8,356,990 for KP&F. The Library's proportionate share of the collective net pension liability was $516,134. 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.

NOTE 6 - Defined Benefit Pension Plan (Continued)

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 KPERS website at www.kspers.gov or can be obtained as described above.

NOTE 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. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

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.

NOTE 8 - Long-Term Debt

The following table summarizes changes in the City's long-term debt for the year ended December 31, 2025:

Type of Issue	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid
General Obligation Bonds	$ 17,030,632	$ -	$ 2,912,529	$ 14,118,103	$ 467,987
Finance Leases	1,144,041	-	188,374	955,667	50,985
Total	$ 18,174,673	$ -	$ 3,100,903	$ 15,073,770	$ 518,972

General Obligation Bonds. The following table details the City's outstanding general obligation debt at December 31, 2025:

General Obligation Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Series 2009A	3.00 - 4.20%	$ 660,000	$ 2,345,000	11/20/09	10/01/29
Series 2014A	2.00 - 3.50%	660,000	7,855,000	06/19/14	10/01/30
Series 2017A	2.00 - 2.50%	610,000	5,000,000	04/19/17	10/01/26
Series 2017B	1.75 - 3.15%	125,000	555,000	04/19/17	10/01/27
Series 2018A	2.375 - 4.00%	1,180,000	1,650,000	10/10/18	10/01/38
Series 2018B	2.75 - 3.375%	150,000	1,050,000	10/10/18	10/01/26
Series 2019A	3.00%	500,000	1,105,000	08/07/19	10/01/27
Series 2020A	2.125%	1,413,103	1,617,000	10/05/20	10/05/50
Series 2021A	1.10 - 3.00%	4,105,000	5,540,000	04/08/21	10/01/39
Series 2021B	2.00%	2,305,000	5,925,000	09/30/21	10/01/28
Series 2022	4.00%	2,410,000	3,280,000	11/16/22	10/01/32
Total		$ 14,118,103			

NOTE 8 - Long-Term Debt (Continued)

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

Year Ending December 31,	Principal	Interest	Total
2026	$ 2,988,433	$ 386,937	$ 3,375,370
2027	2,079,356	303,160	2,382,516
2028	1,890,221	242,913	2,133,134
2029	1,171,259	188,228	1,359,487
2030	992,242	146,735	1,138,977
2031 - 2035	3,251,631	396,466	3,648,097
2036 - 2040	1,089,498	133,865	1,223,363
2041 - 2045	310,556	56,749	367,305
2046 - 2050	344,907	22,305	367,212
Total	$ 14,118,103	$ 1,877,358	$ 15,995,461

Finance Leases. The following table details the City's outstanding finance lease obligations at December 31, 2025:

Finance Leases	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
2017 Pierce Firetruck	3.46%	$ 213,057	$ 633,650	08/23/18	08/15/28
2018 Sewer Van	3.83%	69,695	201,559	10/15/18	10/15/28
2021 Ford SUV	4.38%	21,691	54,373	04/01/22	03/31/27
2021 Bucket Truck	4.62%	120,454	166,897	04/01/22	03/29/32
2022 Pierce Pumper Fire Truck	5.00%	530,770	740,116	05/08/23	07/01/32
Total		$ 955,667			

Annual debt service requirements to maturity for the finance lease obligations are as follows:

Ending December 31,	Principal	Interest	Total
2026	$ 181,394	$ 43,767	$ 225,161
2027	189,159	36,002	225,161
2028	186,024	27,957	213,981
2029	92,599	19,948	112,547
2030	97,227	15,320	112,547
2031 - 2033	209,264	15,830	225,094
Total	$ 955,667	$ 158,824	$ 1,114,491

NOTE 8 - Long-Term Debt (Continued)

Legal Debt Margin. The City is subject to the municipal finance law of the State of Kansas which limits the net bonded debt the City may have outstanding up to 30 percent of the assessed value of all tangible personal property within the City, as certified to the County Clerk on the proceeding August 25. As of December 31, 2025, the statutory limit for the City was approximately $43,805,973, providing a debt margin of approximately $29,687,870.

NOTE 9 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City as of December 31, 2025.

The City is a party to various claims, none of which is expected to have a material financial impact on the City.

NOTE 10 - 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 carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Employee Health Care. The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	2025	2024
Unpaid claims, January 1	$ 84,961	$ 234,943
Incurred claims (including IBNRs)	2,247,201	2,093,475
Claim payments	[2,243,457]	[2,243,457]
Unpaid claims, December 31	$ 88,706	$ 84,961

NOTE 11 - Related Party Transactions

During the year ended December 31, 2025, the City paid $16,116 to a business owned by a Commission member for beverage supplies.

During the year ended December 31, 2025, the City paid $7,497 to a business owned by a Commission member for electrical services.

NOTE 12 - Interfund Transfers

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

From	To	Amount	Regulatory Authority
General Fund	Airport Fund	$ 175,000	K.S.A. 12-197
General Fund	Equipment Reserve Fund	100,000	K.S.A. 12-1,117
Electric Utility Fund	Community Services Support Fund	45,500	K.S.A. 12-825d
General Fund	Community Services Support Fund	56,350	K.S.A. 12-197
Wastewater Utility Fund	Community Services Support Fund	45,500	K.S.A. 12-825d
Water Utility Fund	Community Services Support Fund	45,500	K.S.A. 12-825d
Electric Utility Fund	Bond and Interest Fund	1,175,900	K.S.A. 12-825d
Proximity Park Sales Tax Fund	Bond and Interest Fund	858,670	K.S.A. 12-6a16
Special Streets Fund	Bond and Interest Fund	85,500	K.S.A. 12-1,119
Storm Water Utility Fund	Bond and Interest Fund	218,070	K.S.A. 12-825d
Wastewater Utility Fund	Bond and Interest Fund	120,490	K.S.A. 12-825d
Water Utility Fund	Bond and Interest Fund	323,375	K.S.A. 12-825d
WWTP Funding Fund	Bond and Interest Fund	120,490	K.S.A. 12-1,118
Storm Water Utility Fund	Equipment Reserve Fund	85,000	K.S.A. 12-825d
General Fund	Golf Course Fund	146,000	K.S.A. 12-1,118
Electric Utility Fund	General Fund	900,000	K.S.A. 12-825d
Special Alcohol Program Fund	General Fund	38,000	K.S.A. 79-41a04
Wastewater Utility Fund	General Fund	382,500	K.S.A. 12-825d
Water Utility Fund	General Fund	400,000	K.S.A. 12-825d
Electric Utility Fund	Electric Construction In Progress Fund	500,000	K.S.A. 12-825d
Electric Utility Fund	Equipment Reserve Fund	150,000	K.S.A. 12-825d
Electric Utility Fund	Risk Management Fund	420,145	K.S.A. 12-825d
General Fund	Risk Management Fund	135,960	K.S.A. 12-2615
Wastewater Utility Fund	Risk Management Fund	308,935	K.S.A. 12-825d
Water Utility Fund	Risk Management Fund	370,730	K.S.A. 12-825d
Economic Development Fund	Airport Fund	4,000	K.S.A. 12-197
General Fund	Sidewalk Capital Project Fund	50,000	K.S.A. 12-825d
General Fund	Capital Improvement Plan Fund	100,000	K.S.A. 12-1,118
Airport Fund	Airport Impovement Fund	60,000	K.S.A. 12-825d
Economic Development Fund	Golf Course Fund	100,000	K.S.A. 12-825d
		$ 7,521,615	

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SCHEDULE 1

CITY OF OTTAWA, 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 Funds:					
General	$ 16,087,625	$ -	$ 16,087,625	$ 14,881,840	$ [1,205,785]
Special Purpose Funds:					
Community Services Support	263,635	-	263,635	190,305	[73,330]
Municipal Auditorium	490,850	-	490,850	366,019	[124,831]
Airport	401,950	-	401,950	176,031	[225,919]
Special Park and Recreation	141,720	-	141,720	5,858	[135,862]
Special Alcohol Program	38,500	-	38,500	38,000	[500]
Library	1,340,535	-	1,340,535	1,220,149	[120,386]
Economic Development	499,500	-	499,500	261,423	[238,077]
Special Streets	1,422,500	-	1,422,500	475,744	[946,756]
Equipment Reserve	605,800	-	605,800	381,373	[224,427]
Risk Management	1,663,805	-	1,663,805	1,162,924	[500,881]
Land Bank	10,300	-	10,300	-	[10,300]
Proximity Park Sales Tax	5,666,755	-	5,666,755	866,514	[4,800,241]
Golf Course	815,680	-	815,680	649,606	[166,074]
Bond and Interest Funds:					
Bond and Interest	3,430,520	-	3,430,520	3,380,517	[50,003]
WWTP Funding	719,690	-	719,690	120,490	[599,200]
Business Funds:					
Storm Water Utility	1,596,320	-	1,596,320	462,714	[1,133,606]
Water Utility	4,210,290	-	4,210,290	3,775,896	[434,394]
Wastewater Utility	4,681,860	-	4,681,860	3,554,229	[1,127,631]
Electric Utility	20,958,310	-	20,958,310	17,879,749	[3,078,561]

See independent auditor's report on the financial statements.

CITY OF OTTAWA, 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	$ 3,959,018	$ 3,954,385	$ 4,315,230	$ [360,845]
Delinquent tax	84,365	109,162	70,000	39,162
Vehicle taxes	386,664	366,396	327,045	39,351
Sales and compensating use tax	6,173,778	6,482,682	6,582,600	[99,918]
Franchise tax	312,619	363,234	355,000	8,234
Liquor tax	39,878	45,154	38,000	7,154
Intergovernmental	-	114,893	-	114,893
Licenses, permits and fees	484,268	549,767	420,250	129,517
Charges and services	46,975	51,277	44,000	7,277
Interest	181,560	137,487	100,000	37,487
Miscellaneous	3,616	168,037	6,000	162,037
Refunds and reimbursements	67,328	106,254	79,000	27,254
Operating transfers	1,717,500	1,720,500	1,720,500	-
Total Receipts	13,457,569	14,169,228	$ 14,057,625	$ 111,603
Expenditures				
City commission and manager	193,555	265,438	$ 303,750	$ [38,312]
City administration	339,546	311,068	368,300	[57,232]
Nonoperating	639,539	935,924	683,422	252,502
Building maintenance	564,660	613,103	707,870	[94,767]
Fleet management	189,480	206,347	228,800	[22,453]
Neighborhood services	178,050	266,438	302,025	[35,587]
Parks	513,617	553,196	614,360	[61,164]
Police department	3,143,873	3,348,683	3,508,955	[160,272]
Fire department	1,973,398	2,249,786	2,223,490	26,296
Streets department	1,070,033	1,032,027	1,302,600	[270,573]
Highland cemetery	152,968	152,157	182,700	[30,543]
Human resources	142,275	142,364	176,675	[34,311]
Municipal court	160,899	205,853	211,365	[5,512]
Employee benefits	2,837,661	3,431,710	3,804,660	[372,950]
IT department	389,564	404,436	438,525	[34,089]
Operating transfers	589,100	763,310	567,310	196,000
Cash basis reserve	-	-	462,818	[462,818]
Total Expenditures	13,078,218	14,881,840	$ 16,087,625	$ [1,205,785]
Receipts Over [Under] Expenditures	379,351	[712,612]		
Unencumbered Cash, Beginning	3,101,651	3,481,002		
Unencumbered Cash, Ending	$ 3,481,002	$ 2,768,390		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 2

CITY OF OTTAWA, KANSAS
Community Services Support 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				
Donations	$ 2,000	$ 2,000	$ 3,000	$ [1,000]
Operating transfers	182,000	192,850	192,850	-
Total Receipts	184,000	194,850	$ 195,850	$ [1,000]
Expenditures				
Contractual services	179,455	190,305	$ 263,635	$ [73,330]
Total Expenditures	179,455	190,305	$ 263,635	$ [73,330]
Receipts Over [Under] Expenditures	4,545	4,545		
Unencumbered Cash, Beginning	69,738	74,283		
Unencumbered Cash, Ending	$ 74,283	$ 78,828		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Municipal Auditorium 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes				
Ad valorem property tax	$ 191,999	$ 224,792	$ 240,720	$ [15,928]
Delinquent tax	4,036	5,284	3,900	1,384
Vehicle taxes	18,139	17,732	15,360	2,372
Charges for services	154,420	78,206	123,500	[45,294]
Interest	4,634	4,521	2,500	2,021
Donations	18,465	38,117	10,000	28,117
Miscellaneous	27,082	41,249	22,700	18,549
Total Receipts	418,775	409,901	$ 418,680	$ [8,779]
Expenditures				
Personnel services	221,195	236,527	$ 259,325	$ [22,798]
Contractual services	157,116	104,940	131,750	[26,810]
Commodities	13,633	20,510	16,000	4,510
Capital outlay	39,950	4,042	32,250	[28,208]
Cash basis reserve	-	-	51,525	[51,525]
Total Expenditures	431,894	366,019	$ 490,850	$ [124,831]
Receipts Over [Under] Expenditures	[13,119]	43,882		
Unencumbered Cash, Beginning	61,900	48,781		
Unencumbered Cash, Ending	$ 48,781	$ 92,663		

CITY OF OTTAWA, KANSAS
Airport 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Fuel sales	$ 2,472	$ 1,472	$ 2,800	$ [1,328]
Rental income	33,587	72,753	32,950	39,803
Miscellaneous	4,100	-	-	-
Interest	7,537	8,601	4,500	4,101
Operating transfers	85,000	179,000	175,000	4,000
Total Receipts	132,696	261,826	$ 215,250	$ 46,576
Expenditures				
Contractual services	79,189	76,838	$ 87,950	$ [11,112]
Commodities	2,687	3,486	4,000	[514]
Capital outlay	2,187	35,707	10,000	25,707
Operating transfers	-	60,000	300,000	[240,000]
Total Expenditures	84,063	176,031	$ 401,950	$ [225,919]
Receipts Over [Under] Expenditures	48,633	85,795		
Unencumbered Cash, Beginning	186,318	234,951		
Unencumbered Cash, Ending	$ 234,951	$ 320,746		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Special Park and Recreation 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				
Taxes and Shared Revenue:				
Liquor tax	$ 39,878	$ 45,153	$ 38,000	$ 7,153
Donations	68,120	38,785	23,720	15,065
Interest	13,786	10,207	15,000	[4,793]
Total Receipts	121,784	94,145	$ 76,720	$ 17,425
Expenditures				
Contractual services	518	-	$ -	$ -
Commodities	41,245	5,858	-	5,858
Capital improvement	80,464	-	-	-
Operating transfers	135,322	-	-	-
Cash basis reserve	-	-	141,720	[141,720]
Total Expenditures	257,549	5,858	$ 141,720	$ [135,862]
Receipts Over [Under] Expenditures	[135,765]	88,287		
Unencumbered Cash, Beginning	380,643	244,878		
Unencumbered Cash, Ending	$ 244,878	$ 333,165		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Special Alcohol Program 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				
Taxes and Shared Revenue:				
Liquor tax	$ 39,878	$ 45,153	$ 38,000	$ 7,153
Total Receipts	39,878	45,153	$ 38,000	$ 7,153
Expenditures				
Contractual services	-	-	$ 500	$ [500]
Operating transfers	35,000	38,000	38,000	-
Total Expenditures	35,000	38,000	$ 38,500	$ [500]
Receipts Over [Under] Expenditures	4,878	7,153		
Unencumbered Cash, Beginning	14,418	19,296		
Unencumbered Cash, Ending	$ 19,296	$ 26,449		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	$ 1,078,673	$ 1,089,758	$ 1,226,035	$ [136,277]
Delinquent tax	23,630	30,307	25,000	5,307
Vehicle taxes	103,015	100,084	89,500	10,584
Total Receipts	1,205,318	1,220,149	$ 1,340,535	$ [120,386]
Expenditures				
Appropriations to Library Board	1,205,318	1,220,149	$ 1,340,535	$ [120,386]
Total Expenditures	1,205,318	1,220,149	$ 1,340,535	$ [120,386]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF OTTAWA, KANSAS
Economic Development 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Licenses, permits and fees	$ 85,576	$ 26,671	$ 12,000	$ 14,671
Rental income	34,069	35,185	31,500	3,685
Funding agreements	10,000	10,000	-	10,000
Reimbursements	28,556	65,550	10,000	55,550
Interest	26,342	17,875	23,000	[5,125]
Total Receipts	184,543	155,281	$ 76,500	$ 78,781
Expenditures				
Contractual services	125,105	148,642	$ 129,500	$ 19,142
Capital improvement	1,602	8,781	-	8,781
Operating transfers	100,000	104,000	100,000	4,000
Cash basis reserve	-	-	270,000	[270,000]
Total Expenditures	226,707	261,423	$ 499,500	$ [238,077]
Receipts Over [Under] Expenditures	[42,164]	[106,142]		
Unencumbered Cash, Beginning	580,811	538,647		
Unencumbered Cash, Ending	$ 538,647	$ 432,505		

CITY OF OTTAWA, KANSAS
Special Streets 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Intergovernmental	$ 555,397	$ 558,562	$ 539,500	$ 19,062
Interest	46,347	47,128	35,000	12,128
Total Receipts	601,744	605,690	$ 574,500	$ 31,190
Expenditures				
Contractual services	27,606	33,560	$ 55,000	$ [21,440]
Commodities	107,413	111,521	312,000	[200,479]
Capital outlay	7,226	245,163	-	245,163
Operating transfers	87,600	85,500	85,500	-
Cash basis reserve	-	-	970,000	[970,000]
Total Expenditures	229,845	475,744	$ 1,422,500	$ [946,756]
Receipts Over [Under] Expenditures	371,899	129,946		
Unencumbered Cash, Beginning	878,083	1,249,982		
Unencumbered Cash, Ending	$ 1,249,982	$ 1,379,928		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Interest	$ 36,226	$ 31,872	$ 1,000	$ 30,872
Miscellaneous	48,701	5,051	-	5,051
Operating transfers	275,000	335,000	125,000	210,000
Total Receipts	359,927	371,923	$ 126,000	$ 245,923
Expenditures				
Capital outlay	55,406	381,373	$ 200,000	$ 181,373
Cash basis reserve	-	-	405,800	[405,800]
Total Expenditures	55,406	381,373	$ 605,800	$ [224,427]
Receipts Over [Under] Expenditures	304,521	[9,450]		
Unencumbered Cash, Beginning	786,409	1,090,930		
Unencumbered Cash, Ending	$ 1,090,930	$ 1,081,480		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Risk Management 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				
Interest	$ 10,577	$ 8,392	$ 10,000	$ [1,608]
Reimbursements	54,657	4,626	25,000	[20,374]
Miscellaneous	-	13,118	-	13,118
Operating transfers	1,123,425	1,235,770	1,235,770	-
Total Receipts	1,188,659	1,261,906	$ 1,270,770	$ [8,864]
Expenditures				
Personnel services	127,716	139,647	$ 160,155	$ [20,508]
Contractual services	959,561	1,019,468	1,177,510	[158,042]
Commodities	3,293	3,724	6,000	[2,276]
Capital outlay	49,086	85	600	[515]
Operating transfers	-	-	85,000	[85,000]
Cash basis reserve	-	-	234,540	[234,540]
Total Expenditures	1,139,656	1,162,924	$ 1,663,805	$ [500,881]
Receipts Over [Under] Expenditures	49,003	98,982		
Unencumbered Cash, Beginning	880,810	929,813		
Unencumbered Cash, Ending	$ 929,813	$ 1,028,795		

CITY OF OTTAWA, KANSAS
Land Bank 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Sale of property	$ -	$ -	$ -	$ -
Total Receipts	-	-	$ -	$ -
Expenditures				
Cash basis reserve	-	-	$ 10,300	$ [10,300]
Total Expenditures	-	-	$ 10,300	$ [10,300]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	10,303	10,303		
Unencumbered Cash, Ending	$ 10,303	$ 10,303		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Proximity Park Sales Tax 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				
Taxes and Shared Revenue:				
Sales and compensating use tax	$ 2,026,105	$ 2,139,266	$ 2,162,550	$ [23,284]
Interest	149,171	123,216	100,000	23,216
Total Receipts	2,175,276	2,262,482	$ 2,262,550	$ [68]
Expenditures				
Contractual services	105	7,844	$ 20,000	$ [12,156]
Capital outlay	220,000	-	-	-
Operating transfers	852,750	858,670	858,670	-
Cash basis reserve	-	-	4,788,085	[4,788,085]
Total Expenditures	1,072,855	866,514	$ 5,666,755	$ [4,800,241]
Receipts Over [Under] Expenditures	1,102,421	1,395,968		
Unencumbered Cash, Beginning	2,786,954	3,889,375		
Unencumbered Cash, Ending	$ 3,889,375	$ 5,285,343		

CITY OF OTTAWA, KANSAS
Golf Course 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over [Under]
Receipts				
Charges for services	$ -	$ 358,362	$ 565,060	$ [206,698]
Donations	-	650	-	650
Interest	1,044	2,645	500	2,145
Other income	26,812	4,000	12,000	[8,000]
Operating transfers	235,322	246,000	100,000	146,000
Total Receipts	263,178	611,657	$ 677,560	$ [65,903]
Expenditures				
Personnel services	3,509	427,891	306,325	$ 121,566
Contractual services	7,365	83,194	118,090	[34,896]
Commodities	1,464	134,672	148,800	[14,128]
Capital outlay	135,322	3,849	242,465	[238,616]
Total Expenditures	147,660	649,606	$ 815,680	$ [166,074]
Receipts Over [Under] Expenditures	115,518	[37,949]		
Unencumbered Cash, Beginning	21,318	136,836		
Unencumbered Cash, Ending	$ 136,836	$ 98,887		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Non-Budgeted 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)

	Sutherlands CID	Law Enforcement Trust	Holiday Inn TIF/CID	South Highway 59 TIF	K-68 TIF	Princeton TIF/CID	For the Year Ended December 31, 2025	2024
Receipts								
Taxes	$ 103,289	$ 13,294	$ 362,670	$ 243,952	$ 203,758	$ 396,837	$ 1,323,800	$ 1,385,357
Intergovernmental	-	-	-	-	-	-	-	223
Interest	-	141	-	-	-	-	141	142,446
Total Receipts	103,289	13,435	362,670	243,952	203,758	396,837	1,323,941	1,528,026
Expenditures								
Contractual services	-	-	-	32,620	-	-	32,620	5,816
Distribution	103,289	-	296,596	-	-	298,087	697,972	661,242
Operating transfers	-	-	-	-	-	-	-	291,418
Total Expenditures	103,289	-	296,596	32,620	-	298,087	730,592	958,476
Receipts Over [Under] Expenditures	-	13,435	66,074	211,332	203,758	98,750	593,349	569,550
Unencumbered Cash, Beginning	525	13,643	55,105	1,893,842	1,023,966	473,140	3,460,221	2,890,671
Unencumbered Cash, Ending	$ 525	$ 27,078	$ 121,179	$ 2,105,174	$ 1,227,724	$ 571,890	$ 4,053,570	$ 3,460,221

* - These fund are not required to be budgeted.

CITY OF OTTAWA, KANSAS
Governmental Grant 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)

	AEO Foundation Grant	ARPA Grant	OMA Grant	BASE Grant	Opioid Settlement	For the Year Ended December 31, 2025	2024
Receipts							
Grants	$ -	$ -	$ -	$ -	$ 18,060	$ 18,060	$ 2,542,586
Miscellaneous	3,942	-	-	-	-	3,942	1,274
Interest	-	-	-	39,283	736	40,019	38,767
Total Receipts	3,942	-	-	39,283	18,796	62,021	2,582,627
Expenditures							
Contractual services	-	-	-	1,043,630	-	1,043,630	1,993,616
Capital outlay	-	211,014	49,792	-	-	260,806	284,442
Total Expenditures	-	211,014	49,792	1,043,630	-	1,304,436	2,278,058
Receipts Over [Under] Expenditures	3,942	[211,014]	[49,792]	[1,004,347]	18,796	[1,242,415]	304,569
Unencumbered Cash, Beginning	22,237	211,014	-	1,796,930	81,065	2,111,246	1,806,677
Unencumbered Cash, Ending	$ 26,179	$ -	$ [49,792]	$ 792,583	$ 99,861	$ 868,831	$ 2,111,246

* - These fund are not required to be budgeted.

See independent auditor's report on the financial statements.

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CITY OF OTTAWA, 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance-Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	$ 428,781	$ 394,890	$ 421,275	$ [26,385]
Delinquent tax	10,123	12,872	10,000	2,872
Vehicle taxes	40,165	39,275	35,120	4,155
Special assessments	2,633	-	-	-
Interest	11,462	5,979	5,000	979
Operating transfers	3,591,455	2,902,495	2,902,495	-
Total Receipts	4,084,619	3,355,511	$ 3,373,890	$ [18,379]
Expenditures				
Debt service				
Principal	3,601,559	2,912,529	$ 2,912,530	$ [1]
Interest	570,501	467,988	467,990	[2]
Cash basis reserve	-	-	50,000	[50,000]
Total Expenditures	4,172,060	3,380,517	$ 3,430,520	$ [50,003]
Receipts Over [Under] Expenditures	[87,441]	[25,006]		
Unencumbered Cash, Beginning	199,585	112,144		
Unencumbered Cash, Ending	$ 112,144	$ 87,138		

CITY OF OTTAWA, KANSAS
WWTP Funding 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				
Taxes and Shared Revenue:				
Sales and compensating use tax	$ 371,972	$ -	$ -	$ -
Interest	30,635	19,231	25,000	[5,769]
Operating transfers	510,213	-	-	-
Total Receipts	912,820	19,231	$ 25,000	$ [5,769]
Expenditures				
Operating transfers	816,090	120,490	$ 120,490	$ -
Cash basis reserve	-	-	599,200	[599,200]
Total Expenditures	816,090	120,490	$ 719,690	$ [599,200]
Receipts Over [Under] Expenditures	96,730	[101,259]		
Unencumbered Cash, Beginning	617,782	714,512		
Unencumbered Cash, Ending	$ 714,512	$ 613,253		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Capital Project 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)

	Airport Improvement	Electric Capital Improvement	Proximity Park Infrastructure	Fire Department Grants
Receipts				
Interest	$ -	$ 94,509	$ -	$ -
Grants	-	-	-	4,500
Reimbursements & miscellaneous	-	250,000	-	5,282
Operating transfers	60,000	500,000	-	-
Total Receipts	60,000	844,509	-	9,782
Expenditures				
Contractual services	19,473	311,978	-	-
Commodities	-	-	-	8,477
Capital outlay	-	566,969	-	-
Total Expenditures	19,473	878,947	-	8,477
Receipts Over [Under] Expenditures	40,527	[34,438]	-	1,305
Unencumbered Cash, Beginning	35,026	2,965,314	151,940	8,956
Unencumbered Cash, Ending	$ 75,553	$ 2,930,876	$ 151,940	$ 10,261

* - These funds are not required to be budgeted.

Parks Grants	GO Bond 2022-A	Sidewalk Capital Project	Capital Improvement Plan	For the Year Ended December 31, 2025	2024
$ -	$ 43,261	$ 3,138	$ 195,110	$ 336,018	$ 253,986
-	-	-	-	4,500	57,346
-	-	-	-	255,282	459,407
-	-	50,000	100,000	710,000	1,126,418
-	43,261	53,138	295,110	1,305,800	1,897,157
-	24,868	-	-	356,319	70,870
-	-	-	-	8,477	11,539
-	-	16,617	109,105	692,691	200,321
-	24,868	16,617	109,105	1,057,487	282,730
-	18,393	36,521	186,005	248,313	1,614,427
78,986	1,597,060	209,192	619,572	5,666,046	4,051,619
$ 78,986	$ 1,615,453	$ 245,713	$ 805,577	$ 5,914,359	$ 5,666,046

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CITY OF OTTAWA, KANSAS
Storm Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Stormwater service charges	$ 491,371	$ 493,971	$ 484,500	$ 9,471
Interest	75,824	63,903	65,000	[1,097]
Total Receipts	567,195	557,874	$ 549,500	$ 8,374
Expenditures				
Contractual services	94,588	104,269	$ 266,250	$ [161,981]
Commodities	34,690	55,375	62,000	[6,625]
Capital outlay	115,563	-	-	-
Operating transfers	242,705	303,070	268,070	35,000
Cash basis reserve	-	-	1,000,000	[1,000,000]
Total Expenditures	487,546	462,714	$ 1,596,320	$ [1,133,606]
Receipts Over [Under] Expenditures	79,649	95,160		
Unencumbered Cash, Beginning	1,630,401	1,710,050		
Unencumbered Cash, Ending	$ 1,710,050	$ 1,805,210		

CITY OF OTTAWA, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Water sales	$ 3,468,187	$ 3,809,757	$ 3,864,920	$ [55,163]
Reimbursements	4,680	1,460	1,500	[40]
Miscellaneous	19	5	30,000	[29,995]
Interest	45,720	45,556	40,000	5,556
Total Receipts	3,518,606	3,856,778	$ 3,936,420	$ [79,642]
Expenditures				
Water Production				
Personnel services	769,156	837,140	$ 1,003,320	$ [166,180]
Contractual services	172,917	109,675	143,400	[33,725]
Commodities	282,863	251,452	304,460	[53,008]
Capital outlay	13,395	307,221	180,000	127,221
Water Distribution				
Personnel services	511,467	553,370	639,305	[85,935]
Contractual services	76,069	68,292	140,000	[71,708]
Commodities	70,577	236,448	193,700	42,748
Capital improvement	264,254	103,463	148,000	[44,537]
Non-operating				
Contractual services	8,471	17,861	8,500	9,361
Capital outlay	98,642	124,942	135,000	[10,058]
Debt service	29,373	26,427	-	26,427
Operating transfers	1,103,745	1,139,605	1,139,605	-
Cash basis reserve	-	-	175,000	[175,000]
Total Expenditures	3,400,929	3,775,896	$ 4,210,290	$ [434,394]
Receipts Over [Under] Expenditures	117,677	80,882		
Unencumbered Cash, Beginning	807,760	925,437		
Unencumbered Cash, Ending	$ 925,437	$ 1,006,319		

CITY OF OTTAWA, KANSAS
Wastewater Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Charges for services	$ 3,427,022	$ 3,157,174	$ 3,210,000	$ [52,826]
Interest	136,305	101,210	115,000	[13,790]
Refunds and reimbursements	68	589	-	589
Miscellaneous	2,100	33,257	-	33,257
Total Receipts	3,565,495	3,292,230	$ 3,325,000	$ [32,770]
Expenditures				
Wastewater Treatment				
Personnel services	695,883	725,483	$ 737,305	$ [11,822]
Contractual services	208,024	255,909	340,850	[84,941]
Commodities	55,897	111,444	165,000	[53,556]
Capital outlay	90,189	409,469	410,000	[531]
Sewer Maintenance				
Personnel services	398,189	464,524	470,190	[5,666]
Contractual services	64,536	62,487	49,000	13,487
Commodities	79,699	82,489	113,400	[30,911]
Capital outlay	534,573	542,464	730,000	[187,536]
Non-operating				
Contractual services	33,131	42,535	58,690	[16,155]
Operating transfers	1,339,903	857,425	857,425	-
Cash basis reserve	-	-	750,000	[750,000]
Total Expenditures	3,500,024	3,554,229	$ 4,681,860	$ [1,127,631]
Receipts Over [Under] Expenditures	65,471	[261,999]		
Unencumbered Cash, Beginning	2,484,869	2,550,340		
Unencumbered Cash, Ending	$ 2,550,340	$ 2,288,341		

CITY OF OTTAWA, KANSAS
Electric Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over [Under]
Receipts				
Electric charges	$ 16,382,604	$ 17,364,258	$ 17,980,040	$ [615,782]
Broadband charges	137,905	116,311	-	116,311
Fines and fees	327,641	266,873	270,450	[3,577]
Reimbursed expenses	92,701	83,764	30,000	53,764
Interest	357,994	306,066	250,000	56,066
Other	126,587	98,330	53,200	45,130
Total Receipts	17,425,432	18,235,602	$ 18,583,690	$ [348,088]
Expenditures				
Electric Production				
Personnel services	914,514	1,104,673	$ 1,165,615	$ [60,942]
Contractual services	321,440	393,675	856,700	[463,025]
Commodities	8,126,165	8,599,437	9,371,500	[772,063]
Capital outlay	73,956	143,906	295,000	[151,094]
Electric Distribution				
Personnel services	1,141,972	1,279,448	1,514,405	[234,957]
Contractual services	395,805	154,318	291,280	[136,962]
Commodities	525,874	950,458	1,278,500	[328,042]
Capital outlay	193,651	86,427	60,000	26,427
Utility Warehouse				
Personnel services	395,413	431,937	433,475	[1,538]
Contractual services	47,285	44,718	99,350	[54,632]
Commodities	10,685	10,814	20,600	[9,786]
Capital outlay	73,874	125	-	125
Utility Administration				
Personnel services	781,014	780,116	929,245	[149,129]
Contractual services	513,015	517,488	562,700	[45,212]
Commodities	22,579	20,860	91,300	[70,440]
Capital outlay	-	-	60,000	[60,000]
Electric Project				
Contractual services	51,820	80,052	50,000	30,052
Broadband				
Personnel services	33,208	35,679	44,595	[8,916]
Contractual services	87,582	42,239	80,500	[38,261]
Commodities	-	-	15,000	[15,000]
Capital outlay	25,989	9,593	42,000	[32,407]
Non-operating				
Contractual services	1,845	2,241	5,000	[2,759]
Operating transfers	3,252,700	3,191,545	3,191,545	-
Cash basis reserve	-	-	500,000	[500,000]
Total Expenditures	16,990,386	17,879,749	$ 20,958,310	$ [3,078,561]
Receipts Over [Under] Expenditures	435,046	355,853		
Unencumbered Cash, Beginning	6,891,333	7,326,379		
Unencumbered Cash, Ending	$ 7,326,379	$ 7,682,232		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Utility Credit Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
Year Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Other income	$ -	$ -
Total Receipts	-	-
Expenditures		
Refunds	1,505	3,653
Total Expenditures	1,505	3,653
Receipts Over [Under] Expenditures	[1,505]	[3,653]
Unencumbered Cash, Beginning	133,419	131,914
Unencumbered Cash, Ending	$ 131,914	$ 128,261

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS
Health Insurance Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
Year Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Interest	$ 31,193	$ 24,667
Charges for services	2,090,383	2,768,778
Total Receipts	2,121,576	2,793,445
Expenditures		
Cost of sales and services	2,259,033	1,974,889
Total Expenditures	2,259,033	1,974,889
Receipts Over [Under] Expenditures	[137,457]	818,556
Unencumbered Cash, Beginning	1,432,091	1,294,634
Unencumbered Cash, Ending	$ 1,294,634	$ 2,113,190

* - This fund is not required to be budgeted.

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SCHEDULE 3

CITY OF OTTAWA, KANSAS
Agency Funds
Summary of Receipts and Disbursements - Actual*
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Municipal Court Fines and Credit Card	Municipal Court Bonds	Federal Seized Assets	Escrow Accounts
Receipts				
Fines and court fees	$ 436,654	$ 42,625	$ -	$ -
Miscellaneous	-	-	-	5,163
Interest	6	-	2	280
Total Receipts	436,660	42,625	2	5,443
Expenditures				
Payments to State	24,147	-	-	-
Payments to City	405,617	-	-	-
Bond refunds	-	29,626	-	-
Miscellaneous	1,319	-	-	119,959
Total Expenditures	431,083	29,626	-	119,959
Receipts Over [Under] Expenditures	5,577	12,999	2	[114,516]
Unencumbered Cash, Beginning	18,530	24,083	4,666	149,737
Unencumbered Cash, Ending	$ 24,107	$ 37,082	$ 4,668	$ 35,221

* - These funds are not required to be budgeted.

Fire Proceeds	Flex Spending	For the Year Ended December 31, 2025	2024
$ -	$ -	$ 479,279	$ 360,934
4,540	78,356	88,059	179,164
3	-	291	334
4,543	78,356	567,629	540,432
-	-	24,147	18,450
-	-	405,617	318,518
-	-	29,626	26,510
4,552	70,763	196,593	112,805
4,552	70,763	655,983	476,283
[9]	7,593	[88,354]	64,149
9	15,707	212,732	148,583
$ -	$ 23,300	$ 124,378	$ 212,732

See independent auditor's report on the financial statements.

SCHEDULE 4

CITY OF OTTAWA, KANSAS
Schedule of Receipts and Expenditures - Actual*
Related Municipal Entity - Ottawa Library
Regulatory Basis
Year Ended December 31, 2025 and 2024

	2024	2025
Receipts		
Appropriation from the City	$ 1,205,318	$ 1,220,148
Interest	10,897	27,536
State aid	3,818	7,611
Grants	48,474	56,309
Contribution	287,162	122,382
Miscellaneous	94,189	126,243
Gain on investments	22,908	94,299
Gain on sale of properties	-	295,521
Operating transfers	100,000	783,360
Total Receipts	1,772,766	2,733,409
Expenditures		
Salaries and benefits	939,415	950,268
Materials, program, and services	204,113	207,110
Operating	197,442	291,098
Capital improvements	27,310	913,979
Miscellaneous	-	44,655
Operating transfers	100,000	783,360
Total Expenditures	1,468,280	3,190,470
Receipts Over [Under] Expenditures	304,486	[457,061]
Unencumbered Cash, Beginning	1,329,851	1,634,337
Unencumbered Cash, Ending	$ 1,634,337	$ 1,177,276

* - This fund is not required to be budgeted.

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Expenditures
U.S. Department of the Treasury		
Passed Through Kansas Governor's Office:		
Coronavirus State & Local Fiscal Recovery Funds	21.027	1,254,644
Total U.S. Department of the Treasury		1,254,644
U.S. Department of Transportation		
Passed Through Kansas Department of Transportation:		
State and Community Highway Safety Cluster:		
State and Community Highway Safety	20.600	3,525
Total State and Community Highway Safety Cluster		3,525
Total U.S. Department of Transportation		3,525
Total Expenditures of Federal Awards		$ 1,258,169

The accompanying notes are an integral part of this schedule.

CITY OF OTTAWA, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

1. Organization

The City of Ottawa, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2025.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2025.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF OTTAWA, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse (GAAP)		
Internal control over financial reporting:			
Material weakness(es) identified?		Yes X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes X	None reported
Noncompliance material to financial statements noted?		Yes X	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?		Yes X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?		Yes X	No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000		
Auditee qualified as low-risk auditee?		Yes X	No

CITY OF OTTAWA, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2025

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commission
City of Ottawa, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Ottawa, Kansas (the City), 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, and have issued our report thereon dated April 29, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 29, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Commission
City of Ottawa, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Ottawa, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. 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, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2025, and have issued our report thereon dated April 29, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 29, 2026