CITY OF OSAWATOMIE, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF OSAWATOMIE, KANSAS

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Osawatomie, 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 Osawatomie, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis 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 of Osawatomie, Kansas 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 of Osawatomie, Kansas 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 *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 of Osawatomie, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 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 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, schedules of receipts and expenditures – actual and budget – regulatory basis for each individual fund, and schedule of receipts and disbursements – agency funds, regulatory basis (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Osawatomie, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated April 17, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2026, on our consideration of the City of Osawatomie, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Osawatomie, Kansas' 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 City of Osawatomie, Kansas' internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 1, 2026
Chanute, Kansas

CITY OF OSAWATOMIE, KANSAS

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2025
General	$ 59,549.09	$ 4,029,434.42	$ 3,807,356.47	$ 281,627.04	$ 177,848.13	$ 459,475.17
Special Purpose Funds:						
Industrial	29,344.19	192,424.44	202,059.55	19,709.08	38.00	19,747.08
Library	94,884.09	18,559.07	22,063.55	91,379.61	21.84	91,401.45
Employee Benefits	229,218.47	960,411.76	706,399.50	483,230.73	4,040.98	487,271.71
Special Parks and Recreation	26,723.78	3,624.97	12,113.03	18,235.72	-	18,235.72
Tourism	97.88	167,878.56	166,779.71	1,196.73	0.04	1,196.77
Police Seizures	1,019.00	-	-	1,019.00	-	1,019.00
Opioid Settlement	23,870.90	6,183.58	26,072.82	3,981.66	-	3,981.66
Street Improvement	144,783.90	478,571.66	455,809.26	167,546.30	3,093.93	170,640.23
Golf Course	378,129.44	718,938.67	896,983.18	200,084.93	200,660.89	400,745.82
Capital Improvements General	732.34	935.00	541.97	1,125.37	-	1,125.37
Capital Improvements Water	153,644.88	1,955,259.00	1,579,763.26	529,140.62	139,569.00	668,709.62
Capital Improvements Sewer	1,647,197.10	250,000.00	1,882,728.28	14,468.82	143,070.19	157,539.01
Capital Improvements Street	548,671.35	216,801.90	732,834.60	32,638.65	-	32,638.65
Capital Improvements Grant	58,170.00	-	58,170.00	-	-	-
Capital Improvements Special Projects	1,763,738.14	367,899.55	483,153.40	1,648,484.29	-	1,648,484.29
Capital Improvements Technology	74,763.60	52,777.76	32,849.90	94,691.46	-	94,691.46
RHID	-	1,533,000.00	1,235,295.53	297,704.47	141,290.65	438,995.12
Public Safety Equipment	207,925.73	200,177.49	181,819.89	226,283.33	-	226,283.33
Bond and Interest Fund:						
General Obligation Bond and Interest	29,115.53	1,617,020.35	1,567,598.61	78,537.27	-	78,537.27
Business Funds:						
Electric Utility	21,382.97	4,922,944.91	4,742,632.38	201,695.50	208,685.75	410,381.25
Electric Utility Debt Service	158,187.61	436,800.00	437,025.00	157,962.61	-	157,962.61
Water Utility	208,209.61	2,250,650.02	1,615,612.69	843,246.94	17,864.13	861,111.07
Refuse Utility	21,816.71	415,323.43	400,217.25	36,922.89	33,008.36	69,931.25
Sewer Utility	179,875.31	1,245,296.21	1,403,610.81	21,560.71	10,479.55	32,040.26
Total Reporting Entity (Excluding Agency Funds)	$ 6,061,051.62	$ 22,040,912.75	$ 22,649,490.64	$ 5,452,473.73	$ 1,079,671.44	$ 6,532,145.17

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

CITY OF OSAWATOMIE, KANSAS

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

Total Cash to be accounted for:	$	6,532,145.17
Composition of Cash:		
Cash on Hand	$	800.00
Checking Accounts:		
Operating Account		866,488.62
Cash Flow Account		295,496.39
ADSAP		7,243.50
Municipal Court		44,829.00
Police Forfeitures		15,781.41
Cafeteria 125 Checking		131,159.90
Street & Sewer Project		20,422.31
Grant Account		3,556.79
USDA Loan Checking		7,000.00
Opioid Settlement Account		4,274.88
Seizure Account		1,019.00
Fire Department		3,983.01
Petty Cash		2,000.00
Investments:		
Kansas Municipal Investment Pool		540,295.86
Certificates of Deposit		4,776,991.73
Total Reporting Entity		6,721,342.40
Agency Funds Per Schedule 3		(189,197.23)
Total Reporting Entity (Excluding Agency Funds)	$	6,532,145.17

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Osawatomie, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Osawatomie, Kansas (the City) is a municipal corporation governed by an elected eight-member council. This financial statement presents the City of Osawatomie, Kansas (the primary government), and does not include any related municipal entities.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

> The Osawatomie Housing Authority – The Osawatomie Housing Authority operates the City's housing projects. The Osawatomie Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City.
>
> The City of Osawatomie - Public Library - The City of Osawatomie, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Osawatomie, Kansas, for the year of 2025:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

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.)

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.

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

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments 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.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a receipt source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for receipt recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursed Expenses
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.

Special Assessments
Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

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

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

If the 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. During the year ended December 31, 2025 the City amended the General Fund, Industrial Fund, Water Utility Fund, Electric Utility Fund, and the Golf Course Fund.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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, and trust funds, and the following special purpose funds:

- Police Seizures Fund
- Opioid Settlement Fund
- Capital Improvements General Fund
- Capital Improvements Water Fund
- Capital Improvements Sewer Fund
- Capital Improvements Street Fund
- Capital Improvements Grant Fund
- Capital Improvements Special Projects Fund
- Capital Improvements Technology Fund
- RHID 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 governing body.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of the State of Kansas.

Compliance with Revenue Bond Covenants

The City is required, under the ordinances on Revenue Bond Issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts described below:

RESERVE ACCOUNTS	REQUIRED AMOUNT	ACTUAL AMOUNT
Principal and Interest Account for Electric Revenue Bonds Series 2015 – requires transfers Monthly of 1/12 of next maturing interest and 1/12 of next maturing principal.	$ 157,960.00	$ 157,962.61

The City agrees to fix, establish, maintain and collect such rates, fees or charges for Electric Utility service which will be sufficient to enable the City to have, in each fiscal year, Net Revenues in an amount that will not be less than 125% of the Debt Service Requirements required to be paid by the City during that fiscal year on all System revenue bonds at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation and capital expense. For the year ended December 31, 2025, the City had net revenues available for debt service of $1,290,575.01, which is 272.34%. The loan agreement defines net revenues available for debt service to be revenues, less ordinary and necessary expenses of operating the system, but not including charges for interest and principal paid on the loan, or charges for depreciation. Therefore, this amount consists of receipts over expenditures, less debt service expenditures and capital outlay. Capital outlay is not considered to be an ordinary expense.

3. DEPOSITS AND INVESTMENTS

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

Investment Type	Fair Value	Less than 1	1-2	Rating
Kansas Investment Pool	$ 540,295.86	$ 540,295.86	$ - -	S&P AAAf/S1+

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

Deposits: At year-end, the City's carrying amount of deposits was $6,180,246.54 and the bank balance was $6,506,237.84. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $4,765,250.28 was covered by FDIC insurance and $1,740,987.56 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

At December 31, 2025, the City has invested $540,295.86 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board 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 by invested in direct obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of 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.

4. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Tax Levies:									
Series 2019 A Street Bonds	3.60%	5/23/2019	$ 1,135,000.00	9/1/2038	$ 915,000.00	$ -	$ (50,000.00)	$ 865,000.00	$ 32,940.00
Series 2022A Street Bonds	2.00%	3/15/2022	6,175,000.00	3/1/2032	4,970,000.00	-	(615,000.00)	4,355,000.00	93,250.00
Series 2023 Temporary	3.75%	8/10/2023	7,685,000.00	3/1/2027	7,685,000.00	-	-	7,685,000.00	288,187.50
Series 2024 Temporary	4.95%	8/1/2024	250,000.00	8/1/2028	250,000.00	-	-	250,000.00	12,375.00
Series 2025 Temporary	4.22%	5/15/2025	1,533,000.00	3/1/2029	-	1,533,000.00	-	1,533,000.00	-
Paid by Tax Levies and Utility Receipts:									
Series 2016A - Refunding	2.00-4.00%	5/19/2016	8,145,000.00	9/1/2045	5,405,000.00	-	(410,000.00)	4,995,000.00	175,580.00
Paid by Utility Receipts:									
Series 2012A - Refunding	2.00-4.70%	5/1/2012	2,810,000.00	9/1/2027	125,000.00	-	(40,000.00)	85,000.00	3,750.00
Revenue Bonds									
Paid by Utility Receipts:									
Series 2015 - Electric	3.50%	12/14/2015	6,095,000.00	9/1/2035	3,915,000.00	-	(300,000.00)	3,615,000.00	137,025.00
State Low Interest Loan	0.25%	3/17/2021	700,000.00	1/1/2031	432,082.03	-	(68,253.80)	363,828.23	8,841.82
State Revolving Loans									
KDHE No. 3177-01	2.35%	9/17/2024	33,066,000.00	8/1/2029	-	1,955,259.00	-	1,955,259.00	12,768.02
KDHE No. 3015-01	1.38%	5/10/2021	2,510,500.00	9/1/2042	2,228,570.92	-	(113,219.90)	2,115,351.02	30,157.46
GRDA Repayment	2.50%	10/31/2021	260,936.00	2/28/2026	83,017.14	-	(62,234.46)	20,782.68	1,365.54
Finance Leases									
Fire Truck	3.10%	4/5/2018	277,107.76	10/1/2026	77,661.16	-	(38,588.84)	39,072.32	1,376.24
Golf Carts	4.85%	11/16/2022	214,952.10	11/16/2027	129,893.30	-	(129,893.30)	-	6,154.97
Backhoe	2.25%	10/14/2020	100,056.00	7/1/2025	20,781.44	-	(20,781.44)	-	259.84
Aerator	5.75%	8/24/2023	44,743.66	8/16/2028	34,475.40	-	(34,475.40)	-	1,876.68
Irrigation System	4.25%	12/1/2025	300,000.00	12/1/2030	-	300,000.00	-	300,000.00	-
Fire Truck	4.55%	4/11/2024	635,000.00	5/1/2034	603,336.46	-	(48,795.71)	554,540.75	30,840.73
Total Contractual Indebtedness					$ 26,874,817.85	$ 3,788,259.00	$ (1,931,242.85)	$ 28,731,834.00	$ 836,748.80

4. LONG-TERM DEBT (Continued)

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

Issue	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2045	Less Loan Forgiveness	Less Proceeds not Drawn Down	Total
Principal											
General Obligation Bonds											
Paid by Tax Levies:											
Series 2019 A Street Bonds	$ 55,000.00	$ 55,000.00	$ 55,000.00	$ 60,000.00	$ 60,000.00	$ 345,000.00	$ 235,000.00	$ -	$ -	$ -	$ 865,000.00
Series 2022A Street Bonds	635,000.00	650,000.00	640,000.00	655,000.00	665,000.00	1,110,000.00	-	-	-	-	4,355,000.00
Series 2023 Temporary	-	7,685,000.00	-	-	-	-	-	-	-	-	7,685,000.00
Series 2024 Temporary	-	-	250,000.00	-	-	-	-	-	-	-	250,000.00
Series 2025 Temporary	-	-	-	1,533,000.00	-	-	-	-	-	-	1,533,000.00
Paid by Tax Levies and Utility Receipts:											
Series 2016A - Refunding	430,000.00	440,000.00	445,000.00	270,000.00	275,000.00	1,495,000.00	860,000.00	780,000.00	-	-	4,995,000.00
Paid by Utility Receipts:											
Series 2012A - Refunding	40,000.00	45,000.00	-	-	-	-	-	-	-	-	85,000.00
Revenue Bonds											
Paid by Utility Receipts:											
Series 2015 - Electric	310,000.00	320,000.00	330,000.00	340,000.00	355,000.00	1,960,000.00	-	-	-	-	3,615,000.00
State Low Interest Loan	34,673.04	70,457.82	71,966.56	73,507.61	75,081.66	38,141.54	-	-	-	-	363,828.23
State Revolving Loans											
KDHE No. 3177-01	-	-	-	33,066,000.00	-	-	-	-	(2,500,000.00)	(28,610,741.00)	1,955,259.00
KDHE No. 3015-01	113,878.23	115,455.17	117,053.95	118,674.87	120,318.23	627,049.23	671,684.05	280,978.67	-	(49,741.38)	2,115,351.02
GRDA Repayment	20,782.68	-	-	-	-	-	-	-	-	-	20,782.68
Finance Leases											
Fire Truck	39,072.32	-	-	-	-	-	-	-	-	-	39,072.32
Irrigation System	54,956.85	57,372.27	59,872.19	62,525.35	65,273.34	-	-	-	-	-	300,000.00
Fire Truck	55,213.76	57,815.42	60,483.20	63,389.63	66,376.56	251,262.18	-	-	-	-	554,540.75
Total Principal Payments	1,788,576.88	9,496,100.68	2,029,375.90	36,242,097.46	1,682,049.79	5,826,452.95	1,766,684.05	1,060,978.67	(2,500,000.00)	(28,660,482.38)	28,731,834.00
Interest											
General Obligation Bonds											
Paid by Tax Levies:											
Series 2019 A Street Bonds	31,140.00	29,160.00	27,180.00	25,200.00	12,670.00	80,460.00	17,100.00	-	-	-	222,910.00
Series 2022A Street Bonds	80,750.00	67,900.00	55,000.00	42,050.00	28,850.00	22,300.00	-	-	-	-	296,850.00
Series 2023 Temporary	144,093.75	-	-	-	-	-	-	-	-	-	144,093.75
Series 2024 Temporary	12,375.00	12,375.00	12,375.00	-	-	-	-	-	-	-	37,125.00
Series 2025 Temporary	83,681.45	64,646.62	64,646.62	32,323.31	-	-	-	-	-	-	245,298.00
Paid by Tax Levies and Utility Receipts:											
Series 2016A - Refunding	163,880.00	150,380.00	137,180.00	123,830.00	115,730.00	450,400.00	241,430.00	96,000.00	-	-	1,478,830.00
Paid by Utility Receipts:											
Series 2012A - Refunding	2,550.00	1,350.00	-	-	-	-	-	-	-	-	3,900.00
Revenue Bonds											
Paid by Utility Receipts:											
Series 2015 - Electric	126,525.00	115,675.00	104,475.00	92,925.00	81,025.00	210,525.00	-	-	-	-	731,150.00
State Low Interest Loan	8,114.92	6,637.80	5,129.06	3,588.01	2,013.96	406.21	-	-	-	-	25,889.96
State Revolving Loans											
KDHE No. 3177-01	-	-	-	359,150.50	-	-	-	-	-	-	359,150.50
KDHE No. 3015-01	29,499.13	27,922.19	26,323.41	24,702.49	23,059.13	89,837.57	45,202.75	4,878.99	-	-	271,425.66
GRDA Repayment	106.74	-	-	-	-	-	-	-	-	-	106.74
Finance Leases											
Fire Truck	910.35	-	-	-	-	-	-	-	-	-	910.35
Irrigation System	11,848.47	9,433.05	6,933.13	4,279.97	1,531.98	-	-	-	-	-	34,026.60
Fire Truck	24,422.68	21,821.02	19,153.24	16,246.81	13,259.88	20,818.29	-	-	-	-	115,721.92
Total Interest Payments	719,897.49	507,300.68	458,395.46	724,296.09	278,139.95	874,747.07	303,732.75	100,878.99	-	-	3,967,388.48
Total Principal and Interest	$ 2,508,474.37	$10,003,401.36	$ 2,487,771.36	$36,966,393.55	$ 1,960,189.74	$ 6,701,200.02	$ 2,070,416.80	$ 1,161,857.66	$(2,500,000.00)	$(28,660,482.38)	$ 32,699,222.48

5. FINANCE LEASE OBLIGATIONS

The City has entered into a finance lease agreement in order to finance the acquisition of a Fire Truck. Payments are made twice a year, including interest at approximately 3.10%. Final maturity of the lease is October 1, 2026. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 39,982.67
	39,982.67
Less: Imputed Interest	(910.35)
Net Present Value of Minimum Lease Payments	39,072.32
Less: Current Maturities	(39,072.32)
Long-Term Finance Lease Obligations	$ 0.00

The City has entered into a finance lease agreement in order to finance the acquisition of an irrigation system for the golf course. Payments are made monthly, including interest at 4.25%. Final maturity of the lease is December 1, 2030. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 66,805.32
2027	66,805.32
2028	66,805.32
2029	66,805.32
2030	66,805.32
	334,026.60
Less: Imputed Interest	(34,026.60)
Net Present Value of Minimum Lease Payments	300,000.00
Less: Current Maturities	(54,956.85)
Long-Term Finance Lease Obligations	$ 245,043.15

The City has entered into a finance lease agreement in order to finance the acquisition of a Fire Truck. Payments are made monthly, including interest at 4.55%. Final maturity of the lease is May 1, 2034. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 79,636.44
2027	79,636.44
2028	79,636.44
2029	79,636.44
2030	79,636.44
2031-2034	272,080.47
	670,262.67
Less: Imputed Interest	(115,721.92)
Net Present Value of Minimum Lease Payments	554,540.75
Less: Current Maturities	(55,213.76)
Long-Term Finance Lease Obligations	$ 499,326.99

6. RIGHT TO USE CONTRACTS

As of December 31, 2025 the City has entered into a number of contracts for equipment. Rent expense for the year ended December 31, 2025, was $295,100.89. Under the current agreements, the future minimum rental payments are as follows:

2026	$ 135,475.54
2027	97,878.32
2028	93,406.87
2029	4,221.78

7. DEFINED BENEFIT PENSION PLAN

General Information about the 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 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, 2017. Effective January 1, 2017, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $214,290.26 for KPERS and $200,040.57 for KP&F for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $1,656,871.00 and $1,650,854.00 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the 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.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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:
All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Years Continuous Employment:	Days Granted per Year:	Maximum Days Accrued:
Less than 5 years	12 Days	20 Days
After 5 but less than 10	15 Days	25 Days
After 10 but less than 15	18 Days	30 Days
More than 15 years	21 Days	30 Days

No vacation time may be taken by an employee until they have been in the service of the City continuously for a period of six months. In the event of termination, an employee will be compensated for unused vacation leave, provided they have been in the service of the City for at least six full months.

Sick leave accrues to all full-time employees at the rate of 8 hours per month to a maximum of 960 hours. All employees shall receive their sick leave credit on the last payroll of the month.

Employees who terminate by other than retirement will not be paid for accumulated sick leave. Upon retirement 30 days of remaining sick leave will be paid at their hourly rate, provided the employee has accrued 960 hours and provided one year notice to the City of their intent to retire.

The City estimates a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees. The liability for compensated absences was $149,016.22. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

Other Post Employment Benefits:
As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, except as disclosed below, 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.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

10. CONTINGENT LIABILITIES

In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believe to be material.

11. CONCENTRATION OF RISK

The City provides water to two rural water districts, as well as the state hospital. During 2025, sales to Miami County Rural Water District No. 2 accounted for 9.50% of the water sold, Miami County Rural Water District No. 3 accounted for 42.90% of the water sold, and sales to the state hospital accounted for 3.6% of the water sold. Risk of accounting loss exists from the possibility that a customer would no longer purchase water from the City. Impact of potential risk cannot be determined.

12. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Electric Utility	General	K.S.A. 12-825d	$ 280,000.00
Electric Utility	Tourism	K.S.A. 12-825d	83,201.00
Electric Utility	Electric Utility Debt Service	K.S.A. 12-825d	436,800.00
Water Utility	General Obligation Bond and Interest	K.S.A. 12-825d	70,270.00
Sewer Utility	General Obligation Bond and Interest	K.S.A. 12-825d	477,992.02
Capital Improvements Water	Capital Improvements Street	K.S.A. 12-1,118	102,020.72
Public Safety Equipment	General Obligation Bond and Interest	K.S.A. 79-2934	7,105.00
Public Safety Equipment	Capital Improvements Technology	K.S.A. 12-1,118	14,000.00
Street Improvement	Capital Improvements Street	K.S.A. 12-1,119	16,843.19
Golf Course	Tourism	K.S.A. 79-2934	10,000.00

13. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. The City will receive $250,000.00 from the State of Kansas for infrastructure improvements to the John Brown Park and $157,000.00 from the State for technology upgrades for the police department in fiscal year 2026.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF OSAWATOMIE, KANSAS
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	$ 3,861,060.00	$ 46,452.79	$ 3,907,512.79	$ 3,807,356.47	$ (100,156.32)
Special Purpose Funds:					
Industrial	203,030.00	164,797.00	367,827.00	202,059.55	(165,767.45)
Library	41,099.00	-	41,099.00	22,063.55	(19,035.45)
Employee Benefits	1,006,288.00	-	1,006,288.00	706,399.50	(299,888.50)
Special Parks and Recreation	24,351.00	-	24,351.00	12,113.03	(12,237.97)
Tourism	176,575.00	-	176,575.00	166,779.71	(9,795.29)
Street Improvement	515,992.00	-	515,992.00	455,809.26	(60,182.74)
Golf Course	1,122,607.00	-	1,122,607.00	896,983.18	(225,623.82)
Public Safety Equipment	182,309.00	-	182,309.00	181,819.89	(489.11)
Bond and Interest Fund:					
General Obligation Bond and Interest	1,952,708.00	-	1,952,708.00	1,567,598.61	(385,109.39)
Business Funds:					
Electric Utility	4,974,659.00	-	4,974,659.00	4,742,632.38	(232,026.62)
Electric Utility Debt Service	437,025.00	-	437,025.00	437,025.00	-
Water Utility	1,794,415.00	-	1,794,415.00	1,615,612.69	(178,802.31)
Refuse Utility	496,217.00	-	496,217.00	400,217.25	(95,999.75)
Sewer Utility	1,663,829.00	-	1,663,829.00	1,403,610.81	(260,218.19)

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 1,139,875.46	$ 997,339.27	$ 1,052,487.00	$ (55,147.73)
Delinquent Tax	46,534.77	45,489.45	30,000.00	15,489.45
Motor Vehicle Tax	52,998.69	70,203.55	66,161.00	4,042.55
Recreational Vehicle Tax	1,108.78	1,228.73	1,062.00	166.73
16/20M Vehicle Tax	554.91	116.62	550.00	(433.38)
Commercial Vehicle Tax	824.71	792.96	912.00	(119.04)
Watercraft Tax	-	-	116.00	(116.00)
Neighborhood Revitalization	(11,653.99)	(15,267.74)	-	(15,267.74)
Special Assessments	28,192.67	37,299.65	3,600.00	33,699.65
Sales Tax	1,322,910.60	1,514,837.81	1,534,278.00	(19,440.19)
Franchise Taxes	139,206.96	143,550.36	179,048.00	(35,497.64)
Intergovernmental				
Local Alcoholic Liquor Tax	3,874.23	3,569.90	4,163.00	(593.10)
State Grant Proceeds	27,426.18	33,362.19	75,000.00	(41,637.81)
Federal Grant Proceeds	-	4,991.29	-	4,991.29
Licenses and Permits	76,989.40	118,403.47	212,725.00	(94,321.53)
Charges for Services				
Sale of Cemetery Lots	6,065.00	6,950.00	5,000.00	1,950.00
Cemetery Charges	2,500.00	2,280.00	2,500.00	(220.00)
Auditorium Rent	3,435.00	5,825.00	3,500.00	2,325.00
Memorial Hall Rent	7,050.00	6,990.00	4,500.00	2,490.00
Animal Control	339.00	378.00	15,000.00	(14,622.00)
Student Resource Officer	69,861.78	107,226.97	-	107,226.97
Assigned Counsel	11,574.41	15,022.21	9,000.00	6,022.21
Fines, Forfeitures and Penalties				
Fines	316,343.67	446,501.16	332,675.00	113,826.16
Use of Money and Property				
Interest Income	92,943.21	109,130.14	89,772.00	19,358.14
Sales of Equipment and Property	188,002.60	26,366.28	-	26,366.28
Other Receipts				
Miscellaneous	18,493.41	20,042.84	80,850.00	(60,807.16)
Donations	-	351.52	-	351.52
Reimbursed Expense	16,184.84	46,452.79	-	46,452.79
Operating Transfers from				
Electric Utility Fund	100,000.00	280,000.00	150,000.00	130,000.00
Total Receipts	3,661,636.29	4,029,434.42	$ 3,852,899.00	$ 176,535.42

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
General Administration				
Personal Services	$ 213,060.42	$ 202,504.58	$ 318,577.00	$ (116,072.42)
Contractual Services	255,059.21	388,858.26	249,573.00	139,285.26
Commodities	128,369.95	26,556.66	37,750.00	(11,193.34)
Capital Outlay	118,142.26	24,310.81	8,500.00	15,810.81
Code Enforcement				
Personal Services	101,699.88	99,777.12	101,780.00	(2,002.88)
Contractual Services	45,283.97	63,499.64	63,650.00	(150.36)
Commodities	2,597.11	1,977.42	4,550.00	(2,572.58)
Capital Outlay	13,430.88	7,455.50	7,500.00	(44.50)
Police and Fire				
Personal Services	1,024,120.91	1,115,573.65	1,106,000.00	9,573.65
Contractual Services	226,086.35	222,850.97	180,100.00	42,750.97
Commodities	89,601.32	88,201.26	83,400.00	4,801.26
Capital Outlay	152,092.80	137,495.03	114,000.00	23,495.03
John Brown Cabin				
Personal Services	56,718.89	56,992.81	54,400.00	2,592.81
Contractual Services	16,769.25	19,626.20	14,650.00	4,976.20
Commodities	2,315.27	1,147.64	3,150.00	(2,002.36)
Capital Outlay	-	-	2,500.00	(2,500.00)
Streets and Alleys				
Personal Services	160,151.45	147,598.05	143,436.00	4,162.05
Contractual Services	62,841.36	46,065.80	38,500.00	7,565.80
Commodities	62,666.93	71,023.44	58,650.00	12,373.44
Capital Outlay	(10,537.71)	47,597.70	38,500.00	9,097.70
Property & Maintenance				
Personal Services	106,102.56	90,447.80	93,390.00	(2,942.20)
Contractual Services	215,021.39	232,756.03	216,500.00	16,256.03
Commodities	43,070.94	40,816.64	33,000.00	7,816.64
Capital Outlay	9,311.69	41,488.87	48,000.00	(6,511.13)

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Municipal Court Services				
Personal Services	$ 62,798.93	$ 73,673.13	$ 63,656.00	$ 10,017.13
Contractual Services	237,574.23	346,268.87	212,864.00	133,404.87
Commodities	948.36	1,165.49	4,200.00	(3,034.51)
Capital Outlay	-	-	30,000.00	(30,000.00)
Library				
Personal Services	152,288.09	148,934.14	156,386.00	(7,451.86)
Contractual Services	29,497.25	35,247.53	24,650.00	10,597.53
Commodities	30,003.26	26,454.62	26,719.00	(264.38)
Capital Outlay	-	990.81	925.00	65.81
Cash Forward	-	-	321,604.00	(321,604.00)
Total Certified Budget			3,861,060.00	(53,703.53)
Adjustments for Qualifying Budget Credits			46,452.79	(46,452.79)
Total Expenditures	3,607,087.20	3,807,356.47	$ 3,907,512.79	$ (100,156.32)
Receipts Over(Under) Expenditures	54,549.09	222,077.95		
Unencumbered Cash, Beginning	5,000.00	59,549.09		
Unencumbered Cash, Ending	$ 59,549.09	$ 281,627.04		

CITY OF OSAWATOMIE, KANSAS
INDUSTRIAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ (1.62)	$ 0.84	$ -	$ 0.84
Delinquent Tax	227.36	131.20	250.00	(118.80)
Motor Vehicle Tax	306.36	73.87	-	73.87
Recreational Vehicle Tax	6.34	0.85	-	0.85
16/20M Vehicle Tax	3.59	0.62	-	0.62
Commercial Vehicle Tax	4.63	-	-	-
Intergovernmental				
Grant Proceeds	70,158.44	164,797.00	175,000.00	(10,203.00)
Use of Money and Property				
Rental Income	10,800.00	10,800.00	24,070.00	(13,270.00)
Sale of Assets	77,170.00	-	3,000.00	(3,000.00)
Other Receipts				
Miscellaneous	19,470.00	16,620.06	-	16,620.06
Total Receipts	178,145.10	192,424.44	$ 202,320.00	$ (9,895.56)
Expenditures				
General Government				
Contractual Services	54,180.05	202,074.58	$ 201,030.00	$ 1,044.58
Commodities	50,000.00	(15.03)	2,000.00	(2,015.03)
Capital Outlay	70,158.44	-	-	-
Total Certified Budget			203,030.00	(970.45)
Adjustments for Qualifying Budget Credits			164,797.00	(164,797.00)
Total Expenditures	174,338.49	202,059.55	$ 367,827.00	$ (165,767.45)
Receipts Over(Under) Expenditures	3,806.61	(9,635.11)		
Unencumbered Cash, Beginning	25,537.58	29,344.19		
Unencumbered Cash, Ending	$ 29,344.19	$ 19,709.08		

CITY OF OSAWATOMIE, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	$ -	$ 16.65	$ -	$ 16.65
Intergovernmental				
Grant Proceeds	7,034.30	7,750.00	20,000.00	(12,250.00)
Use of Money and Property				
Interest Income	2,491.97	2,322.73	-	2,322.73
Other Receipts				
Sale of Tickets	-	2,576.65	-	2,576.65
Donations	8,349.69	5,893.04	5,000.00	893.04
Total Receipts	17,875.96	18,559.07	$ 25,000.00	$ (6,440.93)
Expenditures				
Culture and Recreation				
Contractual Services	2,199.44	1,228.10	$ 1,500.00	$ (271.90)
Commodities	11,035.19	8,909.96	13,250.00	(4,340.04)
Capital Outlay	16,057.04	11,925.49	26,349.00	(14,423.51)
Total Expenditures	29,291.67	22,063.55	$ 41,099.00	$ (19,035.45)
Receipts Over(Under) Expenditures	(11,415.71)	(3,504.48)		
Unencumbered Cash, Beginning	106,299.80	94,884.09		
Unencumbered Cash, Ending	$ 94,884.09	$ 91,379.61		

CITY OF OSAWATOMIE, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts 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 Receipts				
Ad Valorem Property Tax	$ 854,605.31	$ 880,821.73	$ 929,706.00	$ (48,884.27)
Delinquent Tax	36,407.08	35,975.17	15,000.00	20,975.17
Motor Vehicle Tax	45,805.98	55,052.19	49,606.00	5,446.19
Recreational Vehicle Tax	981.41	948.98	795.00	153.98
16/20M Vehicle Tax	359.05	117.79	411.00	(293.21)
Commercial Vehicle Tax	758.26	594.55	684.00	(89.45)
Watercraft Tax	-	-	86.00	(86.00)
Neighborhood Revitalization	(8,737.96)	(13,486.86)	-	(13,486.86)
Other Receipts				
Reimbursed Expense	19,635.00	388.21	-	388.21
Total Receipts	949,814.13	960,411.76	$ 996,288.00	$ (35,876.24)
Expenditures				
General Government				
Personal Services	686,142.04	673,843.99	$ 946,288.00	$ (272,444.01)
Contractual Services	34,453.62	32,555.51	30,000.00	2,555.51
Cash Basis Reserve	-	-	30,000.00	(30,000.00)
Total Expenditures	720,595.66	706,399.50	$ 1,006,288.00	$ (299,888.50)
Receipts Over(Under) Expenditures	229,218.47	254,012.26		
Unencumbered Cash, Beginning	-	229,218.47		
Unencumbered Cash, Ending	$ 229,218.47	$ 483,230.73		

CITY OF OSAWATOMIE, KANSAS
SPECIAL PARKS AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	$ 3.76	$ 55.06	$ -	$ 55.06
Local Alcoholic Liquor Tax	3,874.22	3,569.91	4,163.00	(593.09)
Other Receipts				
Donations	5,000.00	-	-	-
Total Receipts	8,877.98	3,624.97	$ 4,163.00	$ (538.03)
Expenditures				
Culture and Recreation				
Facilities				
Contractual Services	16,859.10	11,699.28	$ 17,101.00	$ (5,401.72)
Commodities	1,121.02	413.75	6,000.00	(5,586.25)
Capital Outlay	361.40	-	1,250.00	(1,250.00)
Total Expenditures	18,341.52	12,113.03	$ 24,351.00	$ (12,237.97)
Receipts Over(Under) Expenditures	(9,463.54)	(8,488.06)		
Unencumbered Cash, Beginning	36,187.32	26,723.78		
Unencumbered Cash, Ending	$ 26,723.78	$ 18,235.72		

CITY OF OSAWATOMIE, KANSAS
TOURISM FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Transient Guest Tax	$ 15,614.96	$ 13,552.71	$ 15,000.00	$ (1,447.29)
Charges for Services				
Rental Income	60.00	300.00	-	300.00
Sponsorship Income	53,000.00	45,050.00	60,000.00	(14,950.00)
Ticket Sales	3,949.00	3,697.00	3,500.00	197.00
Entry Fees	905.00	1,140.00	-	1,140.00
Other Receipts				
Donations	12,203.61	10,500.30	50,000.00	(39,499.70)
Reimbursed Expense	79.52	-	-	-
Miscellaneous	2,540.00	437.55	1,600.00	(1,162.45)
Operating Transfers from:				
Golf Course Fund	48,000.00	10,000.00	45,201.00	(35,201.00)
Electric Utility Fund	40,000.00	83,201.00	-	83,201.00
Total Receipts	176,352.09	167,878.56	$ 175,301.00	$ (7,422.44)
Expenditures				
John Brown Cabin				
Contractual Services	75,285.66	80,369.19	$ 137,850.00	$ (57,480.81)
Commodities	21,475.14	3,002.65	33,225.00	(30,222.35)
Capital Outlay	-	-	500.00	(500.00)
John Brown Jamboree			-	
Contractual Services	33,916.67	40,535.79	-	40,535.79
Lights on the Lake				
Contractual Services	15,486.88	18,056.08	-	18,056.08
Commodities	30,485.97	24,816.00	-	24,816.00
Cash Basis Reserve	-	-	5,000.00	(5,000.00)
Total Expenditures	176,650.32	166,779.71	$ 176,575.00	$ (9,795.29)
Receipts Over(Under) Expenditures	(298.23)	1,098.85		
Unencumbered Cash, Beginning	396.11	97.88		
Unencumbered Cash, Ending	$ 97.88	$ 1,196.73		

CITY OF OSAWATOMIE, KANSAS
POLICE SEIZURES FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Miscellaneous	$ -	$ -
Total Receipts	-	-
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	1,019.00	1,019.00
Unencumbered Cash, Ending	$ 1,019.00	$ 1,019.00

CITY OF OSAWATOMIE, KANSAS
OPIOID SETTLEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Miscellaneous	$ 14,580.72	$ 6,183.58
Total Receipts	14,580.72	6,183.58
Expenditures		
General Government		
Contractual Services	15.00	-
Commodities	3,519.75	26,072.82
Total Expenditures	3,534.75	26,072.82
Receipts Over(Under) Expenditures	11,045.97	(19,889.24)
Unencumbered Cash, Beginning	12,824.93	23,870.90
Unencumbered Cash, Ending	$ 23,870.90	$ 3,981.66

CITY OF OSAWATOMIE, KANSAS
STREET IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Motor Fuel Tax	$ 115,237.69	$ 113,980.35	$ 115,920.00	$ (1,939.65)
Sales Tax	310,815.41	359,491.31	286,000.00	73,491.31
Intergovernmental				
County Connecting Links	5,100.00	5,100.00	5,100.00	-
Other Receipts				
Reimbursed Expense	250.00	-	-	-
Total Receipts	431,403.10	478,571.66	$ 407,020.00	$ 71,551.66
Expenditures				
Street Improvements				
Contractual Services	28,503.18	19,874.25	$ 447,228.00	$ (427,353.75)
Commodities	13,080.57	59,277.47	47,500.00	11,777.47
Capital Outlay	325,059.53	317,619.16	-	317,619.16
Debt Service			-	
Principal	20,319.34	20,781.44	20,319.00	462.44
Interest	945.15	21,413.75	945.00	20,468.75
Operating Transfer to Capital Improvements Street Fund	400,000.00	16,843.19	-	16,843.19
Total Expenditures	787,907.77	455,809.26	$ 515,992.00	$ (60,182.74)
Receipts Over(Under) Expenditures	(356,504.67)	22,762.40		
Unencumbered Cash, Beginning	501,288.57	144,783.90		
Unencumbered Cash, Ending	$ 144,783.90	$ 167,546.30		

CITY OF OSAWATOMIE, KANSAS
GOLF COURSE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts 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				
Golf Course Sheds	$ 3,125.00	$ 3,370.80	$ 238,831.00	$ (235,460.20)
Membership Fees	65,655.20	82,256.10	73,449.00	8,807.10
Green Fees	213,070.18	239,078.05	-	239,078.05
Golf Cart Fees	147,257.28	143,713.27	142,366.00	1,347.27
Sales Tax	29,654.39	29,209.34	22,756.00	6,453.34
Driving Range	15,049.98	16,295.98	-	16,295.98
Concessions	93,186.38	88,351.82	84,010.00	4,341.82
Tournaments	70,962.23	74,146.73	73,040.00	1,106.73
Pro Shop	20,138.22	22,320.13	20,857.00	1,463.13
Other Fees	9,357.61	7,502.86	-	7,502.86
Use of Money and Property				
Sales of Assets	1,000.00	-	-	-
Finance Lease Proceeds	-	9,750.00	290,000.00	(280,250.00)
Other Receipts				
Reimbursed Expense	444.94	100.00	-	100.00
Donations	-	320.00	-	320.00
Miscellaneous	2,569.77	2,523.59	4,030.00	(1,506.41)
Total Receipts	671,471.18	718,938.67	$ 949,339.00	$ (230,400.33)
Expenditures				
Culture and Recreation				
Personal Services	215,097.44	219,627.07	$ 265,000.00	$ (45,372.93)
Contractual Services	123,089.54	141,897.14	95,000.00	46,897.14
Commodities	150,526.27	160,654.10	200,000.00	(39,345.90)
Capital Outlay	219.99	192,404.52	305,000.00	(112,595.48)
Debt Service				
Principal	49,282.90	164,368.70	169,280.00	(4,911.30)
Interest	9,680.06	8,031.65	8,032.00	(0.35)
Cash Reserve	-	-	5,295.00	(5,295.00)
Miscellaneous	-	-	55,000.00	(55,000.00)
Operating Transfer to Tourism Fund	48,000.00	10,000.00	20,000.00	(10,000.00)
Total Expenditures	595,896.20	896,983.18	$ 1,122,607.00	$ (225,623.82)
Receipts Over(Under) Expenditures	75,574.98	(178,044.51)		
Unencumbered Cash, Beginning	302,554.46	378,129.44		
Unencumbered Cash, Ending	$ 378,129.44	$ 200,084.93		

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GENERAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Donations	$ 1,051.70	$ 935.00
Total Receipts	1,051.70	935.00
Expenditures		
Capital Projects		
Capital Outlay	347.44	541.97
Total Expenditures	347.44	541.97
Receipts Over(Under) Expenditures	704.26	393.03
Unencumbered Cash, Beginning	28.08	732.34
Unencumbered Cash, Ending	$ 732.34	$ 1,125.37

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS WATER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Bond Proceeds	$ -	$ 1,955,259.00
Total Receipts	-	1,955,259.00
Expenditures		
Capital Projects		
Capital Outlay	1,038,026.21	1,357,847.33
Debt Service		
Interest	112,849.43	119,895.21
Operating Transfer to		
Capital Improvements		
Street Fund	-	102,020.72
Total Expenditures	1,150,875.64	1,579,763.26
Receipts Over(Under) Expenditures	(1,150,875.64)	375,495.74
Unencumbered Cash, Beginning	1,304,520.52	153,644.88
Unencumbered Cash, Ending	$ 153,644.88	$ 529,140.62

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SEWER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Revolving Loan Proceeds	$ 168,626.13	$ -
Bond Proceeds	250,000.00	-
Intergovernmental		
BASE Grant	1,500,000.00	-
CDBG Grant	19,422.31	-
Other Receipts		
County Reimbursement	-	250,000.00
Total Receipts	1,938,048.44	250,000.00
Expenditures		
Capital Projects		
Capital Outlay	344,660.25	1,870,353.28
Debt Service		
Interest	5,882.00	12,375.00
Operating Transfer to		
General Obligation		
Bond and Interest Fund	100,000.00	-
Total Expenditures	450,542.25	1,882,728.28
Receipts Over(Under) Expenditures	1,487,506.19	(1,632,728.28)
Unencumbered Cash, Beginning	159,690.91	1,647,197.10
Unencumbered Cash, Ending	$ 1,647,197.10	$ 14,468.82

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS STREET FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipt		
County Sales Tax	$ 500,000.00	$ -
Use of Money and Property		
Interest Income	135,426.57	97,937.99
Intergovernmental		
Connecting Links	1,500,000.00	-
Operating Transfer from		
Capital Improvements		
Water Fund	-	102,020.72
Street Improvement Fund	400,000.00	16,843.19
Total Receipts	2,535,426.57	216,801.90
Expenditures		
Capital Projects		
Capital Outlay	4,486,703.84	646,861.32
Debt Service		
Interest	112,849.42	85,973.28
Total Expenditures	4,599,553.26	732,834.60
Receipts Over(Under) Expenditures	(2,064,126.69)	(516,032.70)
Unencumbered Cash, Beginning	2,612,798.04	548,671.35
Unencumbered Cash, Ending	$ 548,671.35	$ 32,638.65

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipt		
Grants	$ 55,378.21	$ -
Total Receipts	55,378.21	-
Expenditures		
Capital Projects		
Capital Outlay	765.00	58,170.00
Total Expenditures	765.00	58,170.00
Receipts Over(Under) Expenditures	54,613.21	(58,170.00)
Unencumbered Cash, Beginning	3,556.79	58,170.00
Unencumbered Cash, Ending	$ 58,170.00	$ -

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SPECIAL PROJECTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Finance Lease Proceeds	$ -	$ 290,000.00
Interest Income	87,398.20	77,899.55
Total Receipts	87,398.20	367,899.55
Expenditures		
Capital Projects		
Capital Outlay	22,445.64	409,220.28
Debt Service		
Interest	79,299.59	73,933.12
Total Expenditures	101,745.23	483,153.40
Receipts Over(Under) Expenditures	(14,347.03)	(115,253.85)
Unencumbered Cash, Beginning	1,778,085.17	1,763,738.14
Unencumbered Cash, Ending	$ 1,763,738.14	$ 1,648,484.29

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS TECHNOLOGY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Technology Fees	$ 38,715.60	$ 38,777.76
Other Receipts		
Grants	56,000.00	-
Operating Transfer from		
Public Safety Equipment Fund	14,000.00	14,000.00
Total Receipts	108,715.60	52,777.76
Expenditures		
Capital Projects		
Capital Outlay	95,658.76	32,849.90
Total Expenditures	95,658.76	32,849.90
Receipts Over(Under) Expenditures	13,056.84	19,927.86
Unencumbered Cash, Beginning	61,706.76	74,763.60
Unencumbered Cash, Ending	$ 74,763.60	$ 94,691.46

CITY OF OSAWATOMIE, KANSAS
RHID FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Bond Proceeds	$ -	$ 1,533,000.00
Total Receipts	-	1,533,000.00
Expenditures		
Capital Projects		
Capital Outlay	-	1,235,295.53
Total Expenditures	-	1,235,295.53
Receipts Over(Under) Expenditures	-	297,704.47
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 297,704.47

CITY OF OSAWATOMIE, KANSAS
PUBLIC SAFETY EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ (7.85)	$ 4.04	$ -	$ 4.04
Delinquent Tax	1,132.47	658.43	500.00	158.43
Motor Vehicle Tax	1,494.14	357.29	-	357.29
Recreational Vehicle Tax	30.82	4.10	-	4.10
16/20M Vehicle Tax	17.86	2.98	-	2.98
Commercial Vehicle Tax	22.41	-	-	-
Sales Tax	155,407.71	179,745.65	150,000.00	29,745.65
Use of Money and Property				
Lease Proceeds	635,000.00	-	-	-
Rentals	4,680.00	-	-	-
Other Receipts				
Donations	2,000.00	12,385.00	-	12,385.00
Miscellaneous	-	7,020.00	-	7,020.00
Total Receipts	799,777.56	200,177.49	$ 150,500.00	$ 49,677.49
Expenditures				
General Government				
Commodities	7,008.16	1,446.69	$ -	$ 1,446.69
Capital Outlay	649,199.00	39,666.68	25,000.00	14,666.68
Debt Services				
Principal	67,800.24	87,384.55	91,375.00	(3,990.45)
Interest	18,619.42	32,216.97	28,625.00	3,591.97
Operating Transfers to:				
Capital Improvements Technology Fund	14,000.00	14,000.00	14,000.00	-
General Obligation Bond and Interest Fund	7,105.00	7,105.00	7,105.00	-
Cash Reserve	-	-	16,204.00	(16,204.00)
Total Expenditures	763,731.82	181,819.89	$ 182,309.00	$ (489.11)
Receipts Over(Under) Expenditures	36,045.74	18,357.60		
Unencumbered Cash, Beginning	171,879.99	207,925.73		
Unencumbered Cash, Ending	$ 207,925.73	$ 226,283.33		

CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 676,102.36	$ 997,745.24	$ 1,053,531.00	$ (55,785.76)
Delinquent Tax	36,906.11	32,711.68	15,000.00	17,711.68
Motor Vehicle Tax	48,551.92	45,147.98	39,247.00	5,900.98
Recreational Vehicle Tax	995.75	769.08	629.00	140.08
16/20M Vehicle Tax	613.09	92.04	325.00	(232.96)
Commercial Vehicle Tax	716.01	470.38	541.00	(70.62)
Watercraft Tax	-	-	68.00	(68.00)
Neighborhood Revitalization	(6,913.23)	(15,283.07)	-	(15,283.07)
Use of Monety and Property				
Interest	-	-	288,000.00	(288,000.00)
Operating Transfers from:				
Sewer Utility Fund	417,816.84	477,992.02	477,992.00	0.02
Public Safety Equipment Fund	7,105.00	7,105.00	7,105.00	-
Capital Improvements				
Sewer Fund	100,000.00	-	-	-
Water Utility Fund	66,515.00	70,270.00	70,270.00	-
		-		
Total Receipts	1,348,408.85	1,617,020.35	$ 1,952,708.00	$ (335,687.65)
Expenditures				
Debt Service				
Bond Principal	1,213,804.05	1,228,219.90	$ 1,229,000.00	$ (780.10)
Bond Interest	362,443.31	335,677.46	623,708.00	(288,030.54)
Commissions and Postage	3,701.25	3,701.25	-	3,701.25
Cash Basis Reserve	-	-	100,000.00	(100,000.00)
Total Expenditures	1,579,948.61	1,567,598.61	$ 1,952,708.00	$ (385,109.39)
Receipts Over(Under) Expenditures	(231,539.76)	49,421.74		
Unencumbered Cash, Beginning	260,655.29	29,115.53		
Unencumbered Cash, Ending	$ 29,115.53	$ 78,537.27		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts 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				
Electric Charges	$ 4,104,246.07	$ 4,505,341.90	$ 4,995,895.00	$ (490,553.10)
Sales Tax	143,982.64	153,377.04	158,350.00	(4,972.96)
Pole Attachment Agreements	22,057.80	22,878.53	22,200.00	678.53
Late Fees	61,198.55	60,438.23	-	60,438.23
Other Charges	73,771.48	83,312.05	-	83,312.05
Use of Money and Property				
Interest Income	9,393.36	8,703.31	6,540.00	2,163.31
Other Receipts				
Miscellaneous	4,052.76	94.90	100.00	(5.10)
Reimbursed Expense	29,405.22	88,798.95	-	88,798.95
Total Receipts	4,448,107.88	4,922,944.91	$ 5,183,085.00	$ (260,140.09)
Expenditures				
Administration				
Personal Services	196,163.93	245,900.67	$ 146,925.00	$ 98,975.67
Contractual Services	432,407.17	398,848.03	378,050.00	20,798.03
Commodities	30,063.66	1,766.16	1,800.00	(33.84)
Electric Production				
Personal Services	34,637.97	13,289.87	47,926.00	(34,636.13)
Contractual Services	1,879,283.71	2,149,387.39	2,264,416.00	(115,028.61)
Commodities	14,118.64	17,179.17	17,850.00	(670.83)
Capital Outlay	23,548.70	1,715.95	-	1,715.95
Electric Distribution				
Personal Services	340,689.65	378,445.31	455,149.00	(76,703.69)
Contractual Services	93,429.75	176,238.83	179,334.00	(3,095.17)
Commodities	325,939.87	251,313.22	205,350.00	45,963.22
Capital Outlay	624,088.31	167,849.91	325,000.00	(157,150.09)
Debt Service				
Principal	125,938.33	130,488.26	66,155.00	64,333.26
Interest	16,421.40	10,207.36	12,603.00	(2,395.64)
Commissions and Postage	-	1.25	-	1.25

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
General Fund	$ 100,000.00	$ 280,000.00	$ 150,000.00	$ 130,000.00
Electric Utility Debt Service Fund	315,480.38	436,800.00	426,900.00	9,900.00
Tourism Fund	40,000.00	83,201.00	47,201.00	36,000.00
Cash Basis Reserve	-	-	250,000.00	(250,000.00)
Total Expenditures	4,592,211.47	4,742,632.38	$ 4,974,659.00	$ (232,026.62)
Receipts Over(Under) Expenditures	(144,103.59)	180,312.53		
Unencumbered Cash, Beginning	165,486.56	21,382.97		
Unencumbered Cash, Ending	$ 21,382.97	$ 201,695.50		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY DEBT SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from Electric Utility Fund	$ 315,480.38	$ 436,800.00	$ 426,900.00	$ 9,900.00
Total Receipts	315,480.38	436,800.00	$ 426,900.00	$ 9,900.00
Expenditures				
Debt Service				
Principal	285,000.00	300,000.00	$ 300,000.00	$ -
Interest	147,000.00	137,025.00	137,025.00	-
Total Expenditures	432,000.00	437,025.00	$ 437,025.00	$ -
Receipts Over(Under) Expenditures	(116,519.62)	(225.00)		
Unencumbered Cash, Beginning	274,707.23	158,187.61		
Unencumbered Cash, Ending	$ 158,187.61	$ 157,962.61		

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Sales	$ 1,569,251.29	$ 2,175,855.75	$ 2,292,246.00	$ (116,390.25)
Sales Tax	917.08	880.03	880.00	0.03
Water Protection Tax	13,795.85	16,317.89	16,800.00	(482.11)
Late Fees	20,065.63	25,768.38	27,336.00	(1,567.62)
Other Charges	15,699.49	14,802.03	-	14,802.03
Use of Money and Property				
Rental Income	7,500.00	7,500.00	-	7,500.00
Other Receipts				
Miscellaneous	-	500.00	7,375.00	(6,875.00)
Reimbursed Expense	13,866.88	9,025.94	9,025.00	0.94
Total Receipts	1,641,096.22	2,250,650.02	$ 2,353,662.00	$ (103,011.98)
Expenditures				
Administration				
Personal Services	198,342.10	236,801.04	$ 117,723.00	$ 119,078.04
Contractual Services	71,939.02	49,876.46	52,183.00	(2,306.54)
Commodities	30,063.66	-	1,000.00	(1,000.00)
Water Treatment				
Personal Services	316,386.73	262,690.25	335,108.00	(72,417.75)
Contractual Services	241,217.63	179,188.47	200,420.00	(21,231.53)
Commodities	177,885.46	178,920.55	183,880.00	(4,959.45)
Capital Outlay	31,494.94	13,533.50	9,000.00	4,533.50
Water Distribution				
Personal Services	109,124.49	73,737.94	162,169.00	(88,431.06)
Contractual Services	57,724.30	77,070.73	70,697.00	6,373.73
Commodities	150,636.79	133,549.73	165,720.00	(32,170.27)
Capital Outlay	4,960.75	339,974.02	330,000.00	9,974.02

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
General Obligation Bond and Interest Fund	$ 66,515.00	$ 70,270.00	$ 70,270.00	$ -
Cash Basis Reserve	-	-	96,245.00	(96,245.00)
Total Expenditures	1,456,290.87	1,615,612.69	$ 1,794,415.00	$ (178,802.31)
Receipts Over(Under) Expenditures	184,805.35	635,037.33		
Unencumbered Cash, Beginning	23,404.26	208,209.61		
Unencumbered Cash, Ending	$ 208,209.61	$ 843,246.94		

CITY OF OSAWATOMIE, KANSAS
REFUSE UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Refuse Fees	$ 409,589.80	$ 413,948.82	$ 443,000.00	$ (29,051.18)
Other Receipts				
Miscellaneous	1,492.50	1,374.61	-	1,374.61
Total Receipts	411,082.30	415,323.43	$ 443,000.00	$ (27,676.57)
Expenditures				
Collections				
Contractual Services	401,483.04	400,217.25	$ 400,000.00	$ 217.25
Cash Basis Reserve	-	-	96,217.00	(96,217.00)
Total Expenditures	401,483.04	400,217.25	$ 496,217.00	$ (95,999.75)
Receipts Over(Under) Expenditures	9,599.26	15,106.18		
Unencumbered Cash, Beginning	12,217.45	21,816.71		
Unencumbered Cash, Ending	$ 21,816.71	$ 36,922.89		

CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Charges	$ 1,237,012.07	$ 1,224,779.57	$ 1,226,816.00	$ (2,036.43)
Late Fees	19,733.06	17,516.64	14,000.00	3,516.64
Other Receipts				
Reimbursed Expense	-	3,000.00	-	3,000.00
Miscellaneous	-	-	1,500.00	(1,500.00)
Total Receipts	1,256,745.13	1,245,296.21	$ 1,242,316.00	$ 2,980.21
Expenditures				
Collections				
Personal Services	85,157.62	75,728.00	$ 159,176.00	$ (83,448.00)
Contractual Services	65,266.59	48,774.75	61,006.00	(12,231.25)
Commodities	64,308.11	51,314.13	33,550.00	17,764.13
Capital Outlay	25,798.37	321,674.03	173,733.00	147,941.03
Administration				
Personal Services	81,031.63	94,797.41	45,702.00	49,095.41
Contractual Services	40,751.69	18,699.92	52,575.00	(33,875.08)
Commodities	30,063.66	-	-	-
Operations				
Personal Services	101,152.50	121,548.06	106,644.00	14,904.06
Contractual Services	151,204.95	177,124.53	170,325.00	6,799.53
Commodities	23,408.04	15,957.96	40,450.00	(24,492.04)
Capital Outlay	-	-	174,000.00	(174,000.00)
Debt Service				
Principal	346,000.00	-	-	-
Interest	5,882.00	-	-	-
Cash Basis Reserve	-	-	108,676.00	(108,676.00)

CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
General Fund	$ -	$ -	$ 60,000.00	$ (60,000.00)
General Obligation Bond and Interest Fund	417,816.84	477,992.02	477,992.00	0.02
Total Expenditures	1,437,842.00	1,403,610.81	$ 1,663,829.00	$ (260,218.19)
Receipts Over(Under) Expenditures	(181,096.87)	(158,314.60)		
Unencumbered Cash, Beginning	360,972.18	179,875.31		
Unencumbered Cash, Ending	$ 179,875.31	$ 21,560.71		

CITY OF OSAWATOMIE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Cafeteria 125	$ 71,188.02	$ 140,270.85	$ 85,925.78	$ 125,533.09
Court ADSAP	7,243.50	-	-	7,243.50
Court Bonds	28,529.00	36,120.00	19,820.00	44,829.00
Evidence Liability	12,899.79	-	-	12,899.79
Fire Department Account	1,525.11	7,023.11	4,565.21	3,983.01
Forfeiture	14,514.15	1,767.26	500.00	15,781.41
Fire Insurance Proceeds	-	10,050.00	10,050.00	-
Rural Fire	(24,764.32)	3,691.75	-	(21,072.57)
	$ 111,135.25	$ 198,922.97	$ 120,860.99	$ 189,197.23

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PROVIDED TO SUB-RECIPIENTS	CASH RECEIPTS	DISBURSE-MENTS/ EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through the Kansas Dept. of Transportation					
Highway Safety Cluster					
Special Traffic Enforcement Program	SP-1300-25 035251311	20.600	$ -	$ 3,500.00	$ 3,500.00
Special Traffic Enforcement Program	SP-1300-26 035261311	20.600	-	1,491.29	1,491.29
	Total Highway Safety Cluster and 20.600		-	4,991.29	4,991.29
Total U.S. Department of Transportation			-	4,991.29	4,991.29
U.S. DEPARTMENT OF THE TREASURY					
Passed through the Kansas Dept. of Commerce					
BASE Grant - COVID-19	Not assigned	21.027	-	-	1,500,000.00
Total U.S. Department of the Treasury			-	-	1,500,000.00
ENVIRONMENTAL PROTECTION AGENCY					
Passed through the Kansas Dept. of Health and Environment:					
Drinking Water State Revolving Fund	96703002/96703003	66.468	-	1,955,259.00	967,732.00
Total Environmental Protection Agency			-	1,955,259.00	967,732.00
TOTAL ALL PROGRAMS			$ -	$ 1,960,250.29	$ 2,472,723.29

NOTE A -- BASIS OF PRESENTATION
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Osawatomie, Kansas and is presented on the cash basis of accounting modified for encumbrances. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the regulatory basis financial statement.

NOTE B -- INDIRECT COSTS
The City of Osawatomie, Kansas did not elect to use the de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Osawatomie, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statement of the City of Osawatomie, Kansas, as of and for the year ended December 31, 2025 and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated April 1, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statement, 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 opinion on the financial statement, 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 control* 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement 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 charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statement is free from 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 statement. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 1, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Osawatomie, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Osawatomie, Kansas' compliance 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 of Osawatomie, Kansas' major federal programs for the year ended December 31, 2025. City of Osawatomie, Kansas' 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 of Osawatomie, Kansas 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 of Osawatomie, Kansas 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 of Osawatomie, Kansas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements 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 grant agreements applicable to the City of Osawatomie, Kansas' 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 on the City of Osawatomie, Kansas' 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 judgment made by a reasonable user of the report on compliance about the City of Osawatomie, Kansas' 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 judgment 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 the City of Osawatomie, Kansas' 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 of Osawatomie, Kansas' 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 of Osawatomie, Kansas' 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.

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 a 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 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 internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit 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 in internal control over compliance 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.

Purpose of This Report
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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 1, 2026

CITY OF OSAWATOMIE, KANSAS

Schedule of Findings and Questioned Costs
December 31, 2025

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement:

The auditor's report expresses an adverse opinion on the basic financial statement of the City of Osawatomie, Kansas on the Generally Accepted Accounting Principles (GAAP) basis of accounting and an unmodified opinion on the regulatory basis of accounting.

Internal Control over Financial Reporting:

Material weakness(es) identified?	____ Yes	__X__	No
Significant deficiencies identified?	____ Yes	__X__	None Reported
Noncompliance or other matters required to be reported under *Government Auditing Standards*	____ Yes	__X__	No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	____ Yes	__X__	No
Significant deficiencies identified?	____ Yes	__X__	None Reported

The auditor's report on compliance for the major federal award programs for the City of Osawatomie, Kansas expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	__X__	No

Identification of major programs:

U.S. DEPARTMENT OF THE TREASURY
BASE Grant Assistance Listing #21.027

The threshold for distinguishing Types A and B programs was $1,000,000.00.

Auditee qualified as a low risk auditee?	____ Yes	__X__	No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CITY OF OSAWATOMIE, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

NONE