CITY OF NESS CITY, KANSAS

FINANCIAL STATEMENT

December 31, 2025

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

CITY OF NESS CITY
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December 31, 2025

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June 23, 2026

VARNEY
& ASSOCIATES, CPAs, LLC

Mayor and Council Members
City of Ness City, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Ness City, Kansas (the City), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

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

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

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. 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 audits. 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of KMAAG, 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 the financial statement in accordance with KMAAG 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 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 KMAAG. 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.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

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

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Funds							
General Fund	$ 811,775	$ -	$ 1,301,198	$ 1,716,148	$ 396,825	$ -	$ 396,825
Special Purpose Funds							
Special Highway Fund	3,381	-	35,457	32,513	6,325	-	6,325
Special Parks and Recreation Fund	13,352	-	9,682	7,674	15,360	-	15,360
Industrial Development Fund	18,539	-	-	18,539	-	-	-
Library Fund	4,486	-	107,119	107,000	4,605	-	4,605
Library Employee Benefit Fund	567	-	49,269	47,445	2,391	-	2,391
Guest Tax Fund	13,979	-	1,292	6,527	8,744	-	8,744
Capital Improvement Fund	702,674	-	837,300	725,454	814,520	-	814,520
Equipment Reserve Fund	454,380	-	150,000	19,873	584,507	-	584,507
Water Reserve Fund	211,000	-	13,500	-	224,500	-	224,500
Sewer Replacement Fund	39,590	-	4,077	-	43,667	-	43,667
Capital Project Fund							
Airport Improvements Fund	4,608	-	113,002	73,063	44,547	-	44,547
Business Funds							
Water Utility Fund	40,632	-	559,223	481,664	118,191	-	118,191
Sewer Utility Fund	52,240	-	259,306	182,125	129,421	-	129,421
Solid Waste Disposal Fund	199,695	-	143,485	120,959	222,221	-	222,221
Subtotal Primary Government	$ 2,570,898	$ -	$ 3,583,910	$ 3,538,984	$ 2,615,824	$ -	$ 2,615,824
Related Municipal Entity							
Ness City Public Library	$ 246,487	$ -	$ 195,455	$ 153,955	$ 287,987	$ -	$ 287,987
Total Financial Reporting Entity	$ 2,817,385	$ -	$ 3,779,365	$ 3,692,939	$ 2,903,811	$ -	$ 2,903,811

Composition of Cash:	
Checking Accounts	$ 1,500,204
Certificates of Deposit	1,115,620
Subtotal Primary Government	$ 2,615,824
Related Municipal Entity	287,987
Total Primary Government	$ 2,903,811

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

Note 1: Summary of Significant Accounting Policies

The City of Ness City, Kansas (the City) is a municipal corporation governed by an elected five-member council. The accounting policies of the City conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies.

Municipal Financial Reporting Entity

The municipal financial reporting entity is comprised of the primary government and the one related municipal entity, the Ness City Public Library. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entities Ness City Airport Authority and Ness City Cemetery District.

Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statement in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

General Fund - The general fund is the chief operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified purposes.

Capital Projects Fund - Capital projects fund is used to account for capital projects.

Business Funds - Business funds are used to account for funds financed in whole or in part by fees charged to users of the goods or services.

Basis of Accounting

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at 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 revenues 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper 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 not hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues 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, trust funds, and the following special purpose funds: equipment reserve fund, capital improvement fund and airport improvement fund.

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

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statement was available to be issued.

Note 2: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units through the Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). 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.

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Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when coverage is 50%. The City does not utilize "peak periods". All deposits were legally secured at December 31, 2025.

As of December 31, 2025, the City's carrying amount of deposits was $2,615,824 and the bank balance was $2,798,579. The bank balance was held by one bank, in checking, money market and certificates of deposit. Of the bank balance, $495,906 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Note 3: Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied 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 of the full amount of the taxes levied on or before December 20th of the ensuing year. State statutes prohibit the county treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 4: Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 9.71% for fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $55,699 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 $431,735. 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 assumption 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.

Note 5: Interfund Transfers

Transfers for the year ended December 31, 2025 were as follows:

From	To	Regulatory Authority	Amount
Industrial Development Fund	Capital Improvement Fund	K.S.A. 12-1,118	$ 18,539
Sewer Utility Fund	Sewer Replacement Fund	K.S.A. 12-825d	1,875
Water Utility Fund	Water Reserve Fund	K.S.A. 12-825d	13,500
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	720,000
General Fund	Equipment Reserve Fund	K.S.A. 12-1,118	150,000
Total Transfers			$ 903,914

Note 6: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no decreases in insurance coverage from the prior year.

Note 7: Compliance with Finance-Related Legal and Contractual Provisions

There were no budget or cash violations during 2025.

Note 8: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

Note 9: Capital Projects

At year end, capital project authorizations compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorizations	Expenditures To Date
Airport Runway Connector	$ 2,970,096	$ 3,379,630

Note 10: Changes in Long-Term Debt

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2015 Series	2.50 - 4.50%	7/1/2015	$ 85,000	10/01/35	$ 55,000	$ -	$ 4,000	$ (4,000)	$ 51,000	$ 2,205
Public Building Commission Revenue Bonds										
2024 Series	4.00%	1/17/2024	500,000	6/1/2028	465,000	-	465,000	(465,000)	-	15,824
KDHE Loan										
Public Water Supply System Project	2.36%	N/A	2,864,050	N/A	-	35,652	35,652	-	-	-
TOTAL LONG-TERM DEBT					$ 520,000	$ 35,652	$ 504,652	$ (469,000)	$ 51,000	$ 18,029

Note 11: Maturity of Long-Term Debt

PRINCIPAL	**2026**	**2027**	**2028**	**2029**	**2030**	**2031 - 2040**	**Total**
General Obligation Bond	$ 4,000	$ 4,000	$ 5,000	$ 5,000	$ 5,000	$ 28,000	$ 51,000
PBC Revenue Bond	-	-	-	-	-	-	-
Total Principal	$ 4,000	$ 4,000	$ 5,000	$ 5,000	$ 7,030	$ 28,000	$ 51,000
INTEREST							
General Obligation Bond	$ 2,065	$ 1,925	$ 1,785	$ 1,610	$ 1,435	$ 3,915	$ 12,735
PBC Revenue Bond	-	-	-	-	-	-	-
Total Interest	$ 2,065	$ 1,925	$ 1,785	$ 1,610	$ 1,435	$ 3,915	$ 12,735
TOTAL PRINCIPAL AND INTEREST	$ 6,065	$ 5,925	$ 6,785	$ 6,610	$ 8,465	$ 31,915	$ 63,735

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NESS CITY, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

Fund	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Funds			
General Fund	$ 1,962,350	$ 1,716,148	$ (246,202)
Special Purpose Funds			
Special Highway Fund	35,000	32,513	(2,487)
Special Parks and Recreation Fund	12,000	7,674	(4,326)
Industrial Development Fund	18,539	18,539	-
Library Fund	107,000	107,000	-
Library Employee Benefit Fund	47,445	47,445	-
Guest Tax Fund	7,500	6,527	(973)
Business Funds			
Water Utility Fund	483,000	481,664	(1,336)
Sewer Utility Fund	184,000	182,125	(1,875)
Solid Waste Disposal Fund	257,000	120,959	(136,041)
TOTAL	$ 3,113,834	$ 2,720,594	$ (393,240)

CITY OF NESS CITY, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes			
Ad Valorem	$ 416,645	$ 439,488	$ (22,843)
Delinquent	9,018	-	9,018
Motor Vehicle	111,476	83,220	28,256
Intangible	14,451	-	14,451
Total Taxes	$ 551,590	$ 522,708	$ 28,882
Intergovernmental			
Local City Sales Tax	$ 546,309	$ 560,000	$ (13,691)
Intangible Tax	-	10,000	(10,000)
Local Alcoholic Liquor Tax	9,682	6,000	3,682
Connecting Links	8,534	7,500	1,034
Total Intergovernmental	$ 564,525	$ 583,500	$ (18,975)
Licenses			
Franchise Fees	$ 120,326	$ 120,000	$ 326
Licenses and Permits	5,571	5,000	571
Total Licenses and Permits	$ 125,897	$ 125,000	$ 897
Fines and Forfeitures			
Fines	$ 2,248	$ 1,500	$ 748
Use of Money and Property			
Interest	$ 19,489	$ 10,000	$ 9,489
Miscellaneous			
Swimming Pool	$ 10,918	$ 10,000	$ 918
Recycling Revenue	3,047	2,500	547
Community Building Donations	5,500	5,500	-
Other	17,984	15,000	2,984
Total Miscellaneous	$ 37,449	$ 33,000	$ 4,449
Total Receipts	$ 1,301,198	$ 1,275,708	$ 25,490

(continued)

CITY OF NESS CITY, KANSAS
GENERAL FUND (CONTINUED)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Expenditures			
General and Administrative			
Personnel Services	$ 127,207	$ 125,000	$ 2,207
Contractual Services	72,246	45,000	27,246
Commodities	69,879	45,000	24,879
Capital Outlay	-	20,000	(20,000)
Total General and Administrative	$ 269,332	$ 235,000	$ 34,332
Street Department			
Personnel Services	$ 91,360	$ 90,000	$ 1,360
Contractual Services	106,790	75,000	31,790
Commodities	90,057	175,000	(84,943)
Capital Outlay	28,000	75,000	(47,000)
Total Street Department	$ 316,207	$ 415,000	$ (98,793)
Employee Benefits			
Health Insurance	$ 49,956	$ 55,000	$ (5,044)
Social Security	21,126	23,000	(1,874)
KPERS	25,838	23,000	2,838
Unemployment	530	1,500	(970)
Total Employee Benefits	$ 97,450	$ 102,500	$ (5,050)
Street Lighting			
Contractual Services	$ 31,164	$ 35,000	$ (3,836)
Swimming Pool			
Personnel Services	$ 29,893	$ 25,000	$ 4,893
Contractual Services	(1,355)	5,000	(6,355)
Commodities	14,512	20,000	(5,488)
Capital Outlay	8,560	18,000	(9,440)
Total Swimming Pool	$ 51,610	$ 68,000	$ (16,390)
Park Improvement			
Personnel Services	$ 6,525	$ 7,500	$ (975)
Contractual Services	4,292	5,000	(708)
Commodities	5,780	5,000	780
Capital Outlay	-	10,000	(10,000)
Total Park Improvement	$ 16,597	$ 27,500	$ (10,903)
Recycling			
Personnel Services	$ 21,825	$ 35,000	$ (13,175)
Contractual Services	127	-	127
Commodities	7,501	12,250	(4,749)
Capital Outlay	2,370	-	2,370
Total Recycling	$ 31,823	$ 47,250	$ (15,427)

(continued)

CITY OF NESS CITY, KANSAS
GENERAL FUND (CONTINUED)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Expenditures (Continued)			
Community Building			
Contractual Services	$ 7,654	$ 20,000	$ (12,346)
Commodities	7,333	5,000	2,333
Capital Outlay	8,495	5,000	3,495
Total Community Building	$ 23,482	$ 30,000	$ (6,518)
Appropriations			
Airport	$ 6,000	$ 3,000	$ 3,000
Debt Payments			
Debt Payments	$ 2,483	$ 2,700	$ (217)
Debt Payments New Bont - Int	-	16,400	(16,400)
Debt Payments New Bont - Princ	-	110,000	(110,000)
Total Debt Payments	$ 2,483	$ 129,100	$ (126,617)
Transfers Out	$ 870,000	$ 870,000	$ -
Total Expenditures	$ 1,716,148	$ 1,962,350	$ (246,202)
Receipts Over (Under) Expenditures	$ (414,950)		
Unencumbered Cash - Beginning	811,775		
Unencumbered Cash - Ending	$ 396,825		

See Independent Auditor's Report.

CITY OF NESS CITY, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Intergovernmental			
State Gasoline Tax	$ 35,457	$ 35,260	$ 197
Expenditures			
Personnel Services	$ -	$ 5,000	$ (5,000)
Contractual Services	12,513	15,000	(2,487)
Commodities	20,000	15,000	5,000
Total Expenditures	$ 32,513	$ 35,000	$ (2,487)
Receipts Over (Under) Expenditures	$ 2,944		
Unencumbered Cash - Beginning	3,381		
Unencumbered Cash - Ending	$ 6,325		

CITY OF NESS CITY, KANSAS
SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Intergovernmental			
Local Alcoholic Liquor Tax	$ 9,682	$ 6,000	$ 3,682
EXPENDITURES			
Culture and Recreation	$ 7,674	$ 12,000	$ (4,326)
Receipts Over (Under) Expenditures	$ 2,008		
Unencumbered Cash - Beginning	13,352		
Unencumbered Cash - Ending	$ 15,360		

CITY OF NESS CITY, KANSAS
INDUSTRIAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes			
Delinquent	$ -	$ -	$ -
Expenditures			
Transfers out	$ 18,539	$ 18,539	$ -
Receipts Over (Under) Expenditures	$ (18,539)		
Unencumbered Cash - Beginning	18,539		
Unencumbered Cash - Ending	$ -		

CITY OF NESS CITY, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes			
Ad Valorem	$ 85,267	$ 89,947	$ (4,680)
Delinquent	1,559	-	1,559
Motor Vehicle	20,293	15,238	5,055
Total Receipts	$ 107,119	$ 105,185	$ 1,934
Expenditures			
Appropriations	$ 107,000	$ 107,000	-
Receipts Over (Under) Expenditures	$ 119		
Unencumbered Cash - Beginning	4,486		
Unencumbered Cash - Ending	$ 4,605		

CITY OF NESS CITY, KANSAS
LIBRARY EMPLOYEE BENEFIT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes			
Ad Valorem	$ 38,703	$ 40,822	$ (2,119)
Delinquent	766	-	766
Motor Vehicle	9,800	7,326	2,474
Total Receipts	$ 49,269	$ 48,148	$ 1,121
Expenditures			
Appropriations	$ 47,445	$ 47,445	$ -
Receipts Over (Under) Expenditures	$ 1,824		
Unencumbered Cash - Beginning	567		
Unencumbered Cash - Ending	$ 2,391		

CITY OF NESS CITY, KANSAS
GUEST TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes			
Guest Tax	$ 1,292	$ 1,000	$ 292
Expenditures			
Convention and Tourism	$ 6,527	$ 7,500	$ (973)
Receipts Over (Under) Expenditures	$ (5,235)		
Unencumbered Cash - Beginning	13,979		
Unencumbered Cash - Ending	$ 8,744		

CITY OF NESS CITY, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Water Sales	$ 494,212	$ 450,000	$ 44,212
Interest	54,633	20,000	34,633
Late Charges	10,378	5,000	5,378
Total Cash Receipts	$ 559,223	$ 475,000	$ 84,223
EXPENDITURES			
Personnel Services	$ 215,593	$ 225,000	$ (9,407)
Contractual	45,625	55,000	(9,375)
Commodities	161,256	125,000	36,256
Capital Outlay	42,418	60,000	(17,582)
Transfer Out	13,500	18,000	(4,500)
Miscellaneous	3,272	-	3,272
Total Expenditures	$ 481,664	$ 483,000	$ (1,336)
Receipts Over (Under) Expenditures	$ 77,559		
Unencumbered Cash - Beginning	40,632		
Unencumbered Cash - Ending	$ 118,191		

CITY OF NESS CITY, KANSAS
SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Sewer Service Charges	$ 198,855	$ 110,000	$ 88,855
Interest	8,506	1,200	7,306
Commercial Utility	51,945	35,000	16,945
Total Receipts	$ 259,306	$ 146,200	$ 113,106
EXPENDITURES			
Personnel Services	$ 71,725	$ 68,000	$ 3,725
Contractual Services	21,607	30,000	(8,393)
Commodities	42,035	40,000	2,035
Capital Outlay	-	2,500	(2,500)
Employee Benefits	41,159	37,000	4,159
Debt Service	3,724	4,000	(276)
Transfer Out	1,875	2,500	(625)
Total Expenditures	$ 182,125	$ 184,000	$ (1,875)
Receipts Over (Under) Expenditures	$ 77,181		
Unencumbered Cash - Beginning	52,240		
Unencumbered Cash - Ending	$ 129,421		

CITY OF NESS CITY, KANSAS
SOLID WASTE DISPOSAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
User Fees	$ 143,485	$ 140,000	$ 3,485
Expenditures			
Contractual Services	$ 120,959	$ 140,000	$ (19,041)
Commodities	-	2,000	(2,000)
Capital Outlay	-	65,000	(65,000)
Transfers out	-	50,000	(50,000)
Total Expenditures	$ 120,959	$ 257,000	$ (136,041)
Receipts Over (Under) Expenditures	$ 22,526		
Unencumbered Cash - Beginning	199,695		
Unencumbered Cash - Ending	$ 222,221		

CITY OF NESS CITY, KANSAS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts		
Transfers in	$	738,539
Miscellaneous		98,761
Total Receipts	$	837,300
Expenditures		
Capital Outlay	$	562,189
Commodities		163,265
Total Expenditures	$	725,454
Receipts Over (Under) Expenditures	$	111,846
Unencumbered Cash - Beginning		702,674
Unencumbered Cash - Ending	$	814,520

CITY OF NESS CITY, KANSAS
AIRPORT IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts		
Federal Aid	$	54,002
State Aid		59,000
Total Receipts	$	113,002
Expenditures		
Fees - Professional Services	$	73,063
Receipts Over (Under) Expenditures	$	39,939
Unencumbered Cash - Beginning		4,608
Unencumbered Cash - Ending	$	44,547

CITY OF NESS CITY, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts	
Transfers In	$ 150,000
Expenditures	
Capital Outlay	$ 19,873
Receipts Over (Under) Expenditures	$ 130,127
Unencumbered Cash - Beginning	454,380
Unencumbered Cash - Ending	$ 584,507

CITY OF NESS CITY, KANSAS
WATER RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts	
Transfers In	$ 13,500
EXPENDITURES	
Capital Outlay	$ -
Receipts Over (Under) Expenditures	$ 13,500
Unencumbered Cash - Beginning	211,000
Unencumbered Cash - Ending	$ 224,500

CITY OF NESS CITY, KANSAS
SEWER REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts		
Transfers In	$	1,875
Interest		2,202
Total Receipts	$	4,077
EXPENDITURES		
Contractual	$	-
Receipts Over (Under) Expenditures	$	4,077
Unencumbered Cash - Beginning		39,590
Unencumbered Cash - Ending	$	43,667

CITY OF NESS CITY, KANSAS
NESS CITY PUBLIC LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2025

Receipts		
Intergovernmental	$	28,455
Interest		258
Miscellaneous		10,704
Appropriations		156,038
Total Receipts	$	195,455
EXPENDITURES		
Personnel Services	$	124,394
Contractual Services		13,379
Commodities		16,182
Total Expenditures	$	153,955
Receipts Over (Under) Expenditures	$	41,500
Unencumbered Cash - Beginning		246,487
Unencumbered Cash - Ending	$	287,987